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Newly freed Palestinian prisoners waving plastic handcuffs and a photo of Yasser Arafat on Friday.

Israel Starts Troop Pullout Palestinians Hail First Phase of West Bank Handover

By Deborah Sontag
New York Times Service

KABATIYA, West Bank — One month after the land-for-peace plan was signed in Washington, the Israelis completed the first of a three-phase withdrawal from the West Bank on Friday.

They also released 250 Palestinian prisoners, more than half of them common criminals, and signed a document authorizing the long-delayed opening of the Palestinian airport in Gaza, now set for Tuesday.

A breakthrough after 19 months of stalemate in peace talks, the new plan seemed fragile even as it was signed. But it cleared a daunting set of political hurdles in the last few weeks.

All day long on Friday, the Palestinian people of Kabatiya lined the dusty streets of this quarry town, waiting to be liberated. They strung streamers, hung flags, dressed their children in khaki

uniforms and plastered their bicycles with pictures of Yasser Arafat, the Palestinian leader.

They knew it would be hard to pinpoint the exact moment when the Israeli military occupation ended and their town became fully Palestinian. Unlike when the troops pulled out of the big Palestinian cities during the last redeployment, there would be no visible withdrawal because the Israelis did not maintain a base here.

But the volley of gunshots was their cue. In the late afternoon, a convoy of Palestinian police jeeps roared into town.

Honking and firing their rifles into the air, the Palestinian police took triumphant control of this northern West Bank town, one corner of the 570 square kilometers (220 square miles) of territory that the Israelis turned over to the Palestinians on Friday.

"The occupation is over, and Kabatiya is free," said Mahmoud Za-

kumeh, 20, a barber who watched from his shop as his neighbors threw themselves on the jeeps. "Police are driving through this town firing their weapons, and we are not ducking from fear. They are our police, and the weapons are not to be used against us but to defend us. This is the way it should be."

By the time that Haj Ismael Jaber and Moshe Yaalon, the Palestinian and Israeli army commanders, initiated the land-transfer documents on Friday, behind closed doors at a makeshift military command center, it seemed almost anti-climactic.

It also seemed prosaic, at the start. For hours, the only sign that anything was taking place were the flatbed trucks fanning out across the northern West Bank, in the sparsely populated area between Jenin and Nablus.

On a hilltop outside Jenin, one of the trucks stopped on an empty road in a

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Quitting, Adviser Assails Starr's Impeachment Push

Statute Violated, Ex-Watergate Counsel Says

By Brian Knowlton
International Herald Tribune

WASHINGTON — A day after his grueling questioning in Congress, Kenneth Starr found his credibility again under attack Friday as a respected former Watergate counsel resigned from his team to protest what he called Mr. Starr's "aggressive" advocacy for the impeachment of President Bill Clinton.

Sam Dash, who was chief counsel to the Senate Watergate committee in 1974, carried through on a threat to resign as Mr. Starr's ethics adviser if the independent counsel testified before the House Judiciary Committee as an advocate of impeachment.

"You have violated your obligations under the independent counsel statute and have unlawfully usurped the power of impeachment," Mr. Dash wrote Mr. Starr in a letter obtained by The Associated Press.

"Against my strong advice," Mr. Dash wrote, "you decided to depart from your usual professional decision-making by accepting the invitation of the House Judiciary Committee to appear and 'serve as an aggressive advocate for the proposition that the evidence shows 'the president committed impeachable offenses.'"

Mr. Starr took Mr. Dash's departure in stride. "I regret that I have a gentle disagreement with Sam," he told reporters outside his suburban Virginia home. "He came to his judgment and I respect that judgment."

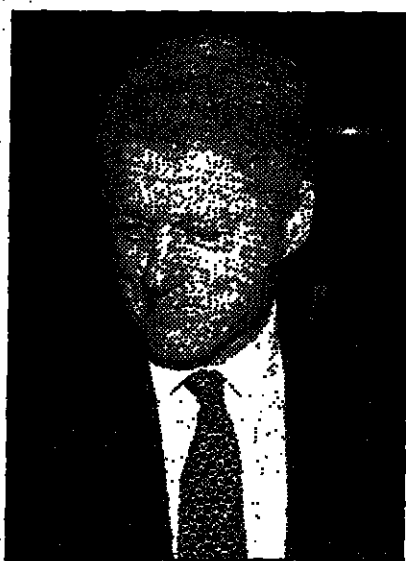
Looking remarkably fresh after his daylong grilling, Mr. Starr said that he had the "most profound respect" for Mr. Dash, 71, and that the two had had what he called "principled disagreements."

The resignation occurred only hours after Mr. Starr opened the public phase of the impeachment inquiry into Mr. Clinton's behavior in the Monica Lewinsky affair. Mr. Starr's testimony had two purposes: to restore his once shiny professional reputation and to revive an impeachment inquiry that has lost momentum. On his reputation, he probably did himself some good. On impeachment, there were few signs that he moved anyone. (Page 3)

An instant poll, taken by the Gallup organization for CNN and USA Today, found little change in public sentiment. Thirty-five percent of those surveyed said that they wanted their congressman to vote for impeachment, compared with 62 percent who did not, a slight increase in support for impeachment from a few days earlier, but within the statistical margin of error. Sixty-seven percent of respondents said Mr. Starr had made an excellent or good presentation.

Democrats quickly seized on the Dash resignation as vindication of a charge they have raised repeatedly against Mr. Starr: that his lengthy and costly investigation of the president was motivated as much by a desire to objectively pursue the facts.

See STARR, Page 4



President Bill Clinton responding to a question in Tokyo on Friday about charges by Kenneth Starr.

Clinton Makes No Progress In Tokyo Talks

By James Bennet
New York Times Service

TOKYO — President Bill Clinton and Prime Minister Keizo Obuchi of Japan ended two days of talk and ceremony here Friday night with an affirmation of their national partnership but no evidence of progress on trade and other economic disputes between the two countries.

While he appealed to the Japanese to have patience with Mr. Obuchi's plan to revive the economy, Mr. Clinton gave little sign during his visit here of such patience himself or of optimism that the plan would be enough.

"Sometimes when you have to turn a country around, it takes more than you think in the beginning," Mr. Clinton said, standing beside Mr. Obuchi.

In their meetings, the two leaders devoted about 45 minutes Friday to security matters, including what Mr. Clinton in his public remarks called "disturbing signs" in North Korea.

In Washington, Secretary of State Madeleine Albright said Friday that the United States continued to have serious problems with North Korea's missile program and that relations with Pyongyang were at a "critical juncture." Reuters reported.

"We have ongoing serious concerns about the North Korean missile program," Mrs. Albright said. "We have insisted" that North Korea "cease its long-range missile development, production and export program and we are at a critical juncture in our relations with Pyongyang." (Page 5)

Under pressure from the United States, Mr. Obuchi announced on Mon-

Initial Piece of Space Station Is Lofted

Russian Launching
Just Start of Dozens

By Sharon Lafraniere
Washington Post Service

MOSCOW — A Russian rocket boosted the first piece of an international space station into orbit Friday in a smooth start to an ambitious international engineering project.

This was the first of dozens of launchings planned over the next five years as astronauts, working 355 kilometers (220 miles) above the earth, try to assemble a \$63 billion, football-field-long laboratory for scientists from 16 nations.

While technically routine, the positioning of the first module was a milestone for a project that has survived 15 years of controversy, delays, cost increases and design overhauls. U.S. and Russian space officials were jubilant about the success.

The 20,000-kilogram (44,000-pound) module, named Zarya — Russian for "sunrise" — is designed to provide communications, power and steering for a second component that is scheduled to be boosted into orbit in two weeks in Florida.

It took just 30 seconds for Zarya,

First Up
Unity (Node 1) Built by Boeing

Acts as a junction point for such critical station components as the laboratory, the airlock and the habitation module.

Zarya (Functional Cargo Block)
Built by Khimichiev (Moscow) as subcontractor for Boeing.

Financed by NASA

Provides propulsion control, power and fuel storage throughout the early stages of assembly. Acts as a docking port for a service module.

Solar panels

Docking port

Docking port

Measuring up

The first two modules launched will be but a small part of the completed station, which will take five years, thousands of people in 16 countries and an estimated \$40 billion to build. By far the largest man-made object ever placed in Earth's orbit, it will cover the area of two football fields.

NYT 106 feet

Space Shuttle 122 feet

International Space Station 359 feet

NYT

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The Polish Powerhouse

Amid Turmoil in Europe's Emerging Markets,
Poland Generates Economic Energy From West

By Peter Finn
Washington Post Service

OSTROW MAZOWIECKA, Poland — With \$20 million in annual sales in Russia, Maciej Formanowicz, chairman of the Forte furniture company here, knew his business would take a bit of a hit once economic turmoil began to engulf Poland's neighbor to the east. In fact, Forte has lost \$16 million in expected 1998 sales to Russia.

Strangely, however, Mr. Formanowicz sees the Russian financial crisis, and its effect on his company, as a kind of vindication.

"We made the strategic decision that the future lay in Western Europe," Mr. Formanowicz said. "In some ways we could have sold much more in Russia, and the profits were lavish. But we deliberately limited sales there to 20 percent. And what we have lost in Russia we will gain back in Europe in 12 months. We were prepared."

In miniature, Forte's resilience is also Poland's.

With a vibrant, entrepreneurial class, a domestic economy of 39 million

people and billions of dollars in long-term foreign investment, Poland has become the economic powerhouse of Central and Eastern Europe.

"Poland is a very different animal, not only to Russia but to most of the countries of the former Soviet bloc," said Marcin Hejka, head of an economic consulting firm in Warsaw. "I don't think anyone can doubt that anymore."

The latest Russian crisis, like an unexpected thunderclap, shook Poland's young free market. Panicked foreign investors withdrew \$1 billion in short-term capital in the stampede out of every emerging market. The Warsaw stock exchange lost 30 percent of its value, and the coming privatization of huge state enterprises, such as Poland's phone system, was thrown into doubt. At individual companies, such as Forte, management had to quickly redirect sales efforts to find new markets to the west.

But in the backwash, other, deeper trends emerged.

Exporters are hurting, but not badly; only 8 percent of Poland's exports go to

AGENDA

U.S. States Accept
Tobacco Payment

NEW YORK (Reuters) — U.S. states unanimously agreed on Friday to a sweeping \$206 billion resolution of tobacco health claims, and cigarette makers said they would approve the deal.

The attorney general of the state of Washington, Christine Gregoire, lead negotiator for the states, announced the agreements.

The settlement with U.S. tobacco companies and Liggett, a unit of Brooke Group, will cover all 46 states that have reimbursement claims as well as those that have not sued. Four states have settled suits against cigarette makers. The states sought to recover the Medicaid costs of smokers who become ill.

The companies also agreed to pay \$1.45 billion over five years to fund anti-smoking campaigns and \$250 million over 10 years to create a public health foundation to reduce teenage smoking. Advertising and marketing restrictions are included.

The Dollar

	Friday 8:45 P.M.	previous close
DM	1.6924	1.6859
Yen	120.38	119.6
FF	5.6755	5.6555
Pound	1.6565	1.6555

The Dow

	Friday close	percent change
+103.50	9,159.55	+1.14%
S&P 500		
+10.94	1,163.55	+0.95%
Nasdaq		
+8.53	1,928.21	+0.445%

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Weapons Sales Rekindle China-Russia Relations

By John Pomfret
Washington Post Service

ZHUHAI, China — The scene at the Sukhoi aircraft company's bustling office here at the Zhuhai air show this week resembled a Russian weapons engineer of the "old days," when China and Russia walked together on the road to communism.

In a small room, a Chinese delegation negotiated with officials from the aerospace company. Russian officials said the Chinese were interested in adding the Su-30, Sukhoi's fighter bomber, to their arsenal, which already includes Russian fighters, submarines and anti-aircraft batteries. In addition, the Chinese plan to buy a state-of-the-art anti-ship missile.

Then, China and Russia were allies, said Vladimir Kononov, the designer of one of Russia's top fighters, the Su-37. "Perhaps that day will come again."

Fifty years ago, a shared ideology brought China and Russia together in a revolutionary embrace before that relationship degenerated into recriminations and border skirmishes in the 1960s. Today, Chinese cash and a common concern about the United States' domination of world affairs are fueling a renaissance between the two giants.

On Sunday, President Jiang Zemin

will travel to Russia for the sixth summit meeting between Russia and China and the first informal "no-necktie" meeting between Mr. Jiang and Boris Yeltsin, the ailing Russian president. Mr. Jiang will meet the Russian prime minister, Yevgeny Primakov, as well. Mr. Jiang is expected to offer Russia food as well as cash to aid Russia's ailing economy, Chinese sources said.

Russia's ambassador to Beijing, Igor Rogachev, told the official Xinhua press agency last week that the trip was a sign that decades of hostility between Russia and China had given way to a powerful "strategic partnership," that aims at forging a "new order" to challenge U.S. domination of the world arena.

China has backed Russia's stance supporting Yugoslavia's president, Slobodan Milosevic, on Kosovo and echoed Moscow's calls for a peaceful

See ALLIES, Page 4

See CLINTON, Page 15

New at Marks & Spencer: Jewish-Arab Détente

By Tom Buerkle
International Herald Tribune

LONDON — The nine management trainees at Marks & Spencer PLC are like any other aspiring business students: young, ambitious and eager to acquire the skills, experience and contacts that form the foundation of a successful career.

But there is one key difference that sets them apart: The trainees are a mixed group of Jewish and Arab Israelis, and their presence here is an attempt to use business to build bridges across ethnic and religious divides.

For Avivit Peretz, a 26-year-old from Tel Aviv who works for a maker of computer-based teaching products, the three-month training program here provided her first real interaction with Arab Israelis. "I like the idea of Jews and Arabs together learning," she said.

For others, the program allowed them to build on their own experience of working in a mixed environment. Ihab Kashow, an Arab with accounting and business degrees, runs a small-business consultancy with a Jewish partner and lectures at the Center for Jewish-Arab Economic Development in Israel. Avner Shevach runs a bakery in the mixed village of Ramallah.

"I'm used to trading with Arabs," he said. "It's not difficult for me to understand their problems." Whatever their background, all of the participants were attracted by the opportunity to spend three months in London and gain experience inside one of Europe's largest retailers.

"We never, as Arabs, touch the high-level side of business in Israel, international business," said Nazieh Abu Moch, who manages a family-owned advertising and photography business back home. "To feel a part of this big organi-

zation, Marks & Spencer, it's a wonderful feeling." The program, the first of its kind, is sponsored by the company, the Center for Jewish-Arab Economic Development and the New Israel Fund, a Washington-based foundation that promotes economic development and Jewish-Arab equality.

For several members of the group, who spoke here prior to their return to Israel this week, the program gave them new insights into the ways of business as well as the challenges awaiting them at home.

Each trainee spent three months attached to a specific department, getting hands-on experience in crafting marketing strategies and developing relationships with suppliers.

They were impressed by the vast financial and human resources of a major European company and the relatively formal atmosphere, even if British

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Newsstand Prices	
Bahamas	1.000 BD Mails
Cyprus	C £ 1.00 Mails
Denmark	17 DK Kr
Finland	12.00 FM Mark
France	€ 0.85
Great Britain	UK £1.00
Germany	DM 1.200
Greece	€ 0.85
India	Rs 1.200
Japan	¥ 1.200
Korea	₩ 1.200
Malaysia	RM 1.200
Norway	Nkr 1.200
Poland	zł 1.200
Romania	lei 1.200
Russia	rub 1.200
Spain	€ 0.85
Sweden	kr 1.200
Switzerland	Sfr 1.200
Taiwan	NT\$ 1.200
Thailand	฿ 1.200
U.S.	\$ 1.200
U.K.	£ 1.00
Yugoslavia	DM 1.200



Starr Helps Himself, but Not Case

Measured, Professional Testimony Gives Impeachment Drive Little Lift

By Jill Abramson
New York Times Service

WASHINGTON — Kenneth Starr's testimony before the House Judiciary Committee's impeachment hearings had two purposes: to restore his once-shiny professional reputation and to receive an impeachment inquiry that has lost momentum. On his reputation, he probably did himself some good. On impeachment there were few signs that he moved anyone.

Personally, Mr. Starr, the independ-

ent counsel, had the opportunity to redeem the prestige he once enjoyed as a persuasive solicitor general with sterling legal credentials.

For most of the hearing Thursday, Mr. Starr went out of his way to speak in lawyerly, measured tones. His dignified demeanor, which at times bordered on the pedantic, recalled the days when he argued the government's cases before the Supreme Court in a cutaway coat.

Even in a forceful exchange late

Thursday evening with David Kendall, the president's private lawyer, Mr. Starr raised his voice only to rebut charges that his office had illegally leaked grand jury material or mistreated witnesses. His delivery was more vigorous, but his words still rolled out as if they were from an appellate brief.

This Ken Starr was strikingly at odds with the caricature the White House and its allies have drawn of an overzealous, sex-obsessed prosecutor. Nor did he seem to fit the description hurled at him by Representative John Conyers of Michigan, the ranking Democrat on the Judiciary Committee, in the opening minutes of the hearing. Mr. Conyers lambasted Mr. Starr as the "federally paid sex policeman spending millions of dollars to trap an unfaithful spouse."

Before the hearing, Mr. Starr had maintained a subdued silence. "Second to Monica, he's been the unheard voice in all of this," said Bradford Berenson, a Washington lawyer who is acquainted with the independent counsel.

Mr. Berenson, and other friends, said Mr. Starr had looked forward to the hearing as a "liberating" moment, a chance to introduce himself to the public and counter what he viewed as an unfair White House campaign to demonize him.

Mr. Starr's personal chore of restoring his professional image was difficult enough, but the goal set for him by committee Republicans was even harder. They had hoped that his testimony would provide fresh grounds and new energy to drive President Bill Clinton from office. In this mission, Mr. Starr seems to have failed. His testimony offered no new evidence of impeachable offenses by the president and even exonerated him on issues that some Republicans had hoped to pursue, such as the firings of White House travel office employees and the misuse of FBI files of government employees.

His long-awaited testimony lacked the electric impact of star witnesses at past congressional hearings. John Dean, Oliver North and Clarence Thomas were able to shape the public mood with their testimony.

Unlike Mr. North, who arrived in uniform and talked in macho terms about "being the fall guy" in the Iran-contra scandal, Mr. Starr talked about Nexis searches and his "primary factual investigation." There were no dramatic phrases, such as Mr. Thomas's memorable accusation in his Supreme Court confirmation hearing that the Senate was



Two lawyers representing the president, Charles Ruff, the White House counsel, left, and David Kendall, Bill Clinton's personal attorney, listening to Kenneth Starr's testimony before the House Judiciary Committee.

conducting "a high-tech lynching." "Ken doesn't talk in sound bites," said Barbara Olson, a friend and former prosecutor.

At times, Mr. Starr gave rambling answers that appeared evasive and made for less than riveting television. At other points, he offered a stirring defense, denying any personal vendetta against the president.

Mr. Starr said he would prefer to be back in private life, but added, "My duty is to do my duty."

The prosecutor did try to lay out, as clearly and compellingly as possible, the evidence and factual basis for his legal findings against the president. He also tried to blunt criticism that his impeachment report on the Monica Lewinsky matter, which he sent to Congress on Sept. 9, was too graphic, too focused on sex.

He was at least partly successful. He spent two hours offering a highly detailed account of the evidence his investigation has uncovered, shifting the emphasis from sex to lying. In the Paula Jones sexual misconduct lawsuit, Mr. Starr said his evidence suggested that Mr. Clinton had been deliberately evasive in his testimony in the lawsuit and before Mr. Starr's grand jury last summer.

Mr. Starr also outlined evidence of stonewalling and evasion in other branches of his investigation, including the Whitewater matter and purported efforts by the president's allies to win the silence of Webster Hubbell, the former Justice Department official, by helping him get lucrative retainers after he was forced to resign in disgrace.

Last week, Mr. Starr indicted Mr. Hubbell for a third time, and Henry Hyde, the Judiciary Committee chairman, has indicated that the committee will investigate the Hubbell matter further.

But the evidence Mr. Starr recited did not do much to move his case beyond perjury, and even some Republicans on the committee seemed unconvinced that the president's unsuccessful citing of executive privilege or attorney-client privilege amounted to an abuse of power.

As for presenting himself to the public in a more favorable light, Mr. Starr had no where to go but up. He went into the hearing Thursday with an 18 percent public approval rating, according to a national poll taken a few days ago by CBS News. In the face of attacks from the White House and leading Democrats, Mr. Starr has maintained a stoic silence. "Ken felt he had to make a deliberate

choice, not to engage in the public debate," said Terrence Adamson, a Democratic lawyer who has been a friend of Mr. Starr's for almost 30 years. "It might not be the right political decision, but it was the right professional one."

Yet at times in the long day of testimony, Mr. Starr, whose career has been rooted in the decorum of the law, found himself the unlikely star performer in a political rumble.

As he sat down to begin his testimony, he was greeted by Democrats scrapping with Mr. Hyde over how much time Mr. Kendall should be granted to question the prosecutor. As Democrats hurled loaded words such as "gagged" at Mr. Hyde, Mr. Starr sat unblinking, looking slightly out of place.

Toward the end of his two-hour opening statement, the prosecutor, who once considered a bid for the Republican Senate nomination in Virginia, said that he was not suited for the political high wire.

"I am not a man of politics, of public relations or polls, which I suppose is patently obvious by now," he said. "I am not experienced in political campaigns."

Hearing on Impeachment Fails to Rivet TV Viewers

By Rick Lyman
New York Times Service

HOUSTON — Glenn Cartwright stood before the cash register with his lips pursed, unable to decide between a Lightning Hopkins and a Clifton Chenier compact disk, but he was certain of one thing: When he got home, he was not going to turn the House Judiciary Committee's impeachment hearing back on.

"I watched it for a while this morning, but it was all the same stuff we'd heard before," said Mr. Cartwright, 27, a graduate student in Houston. "It was like a remake of a movie you didn't like in the first place. I'd rather watch an infomercial about a new mop."

Perhaps it was because the hearing took place on a weekday, when the children were in school and most of the country was going about its hectic business. Perhaps it was because it was intruding into the realm of afternoon talk shows and soap operas. But there were further signs Thursday that the long-running Monica Lewinsky television series was continuing to lose its grip on the American imagination.

"I'm just bored with the whole thing," said Deborah Shely, 35, a legal secretary in Miami. "I just think it should be over." Kenneth Kirby, a banker, said that he had missed the opening of the hearing because he had been on an airplane to Miami and that it did not come up at all when he and several colleagues had lunch together. "I think the public has lost interest," Mr. Kirby said. Waiting for a bus in Denver, stuck in

traffic on a Los Angeles freeway, sipping a glass of wine at a sidewalk café in Houston, sitting at home, ill, in New York City, people voiced sentiments that were pretty much the same: Enough already. And the spectacle of the special prosecutor, Kenneth Starr, delivering his testimony, alternately bolstered by Republicans on the committee and heckled by Democrats, did not seem to do much to change the minds of the testimony-weary members of this particular out-of-focus group. "I'm not interested," said Linda Holmquist, 58, of Los Angeles. "I have a life."

Several who had already come to the conclusion that President Bill Clinton should be impeached said that Mr. Starr's arguments had strengthened that opinion. "I liked Ken Starr. I liked his demeanor," said Sean Elias, 22, a University of Miami business student. "He's just trying to do his job. He doesn't have anything against the president personally."

Those who had already put Mr. Starr in the role of the villain also found their judgment reinforced. "He's slimy," said Kerry Hardin, 39, of La Crescenta, California. "He definitely has an agenda. He's out to get the president."

Some said they had been pleasantly surprised by the reasoned tone and apparent thoroughness of Mr. Starr's testimony. But just as many said they had not watched, having made a decision to tune the whole thing out.

"I don't really take too much interest in the president's personal life," said Vanessa Creech, 27, a computer technician in Denver.

POLITICAL NOTES

Collaboration Missing In Social Security Talks

WASHINGTON — President Bill Clinton vows he wants to work with Republicans to make 1999 the year the government forges a lasting solution to the looming Social Security crisis. Congressional Republican leaders say they want the same thing.

But for all the pledges of collaboration, the tone was decidedly hostile Thursday at the first legislative hearing since the midterm elections to consider what is likely to emerge as one of the central social policy issues of the coming year.

The chairman of the House Ways and Means Committee, Representative Bill Archer, Republican of Texas, scolded the administration, contending that the White House will subvert the chance to safeguard the nation's vast retirement system unless it sets forth a rescue plan soon.

"If President Clinton believes he can get this done without his leadership or without a specific plan, he may be making the biggest miscalculation of his presidency," said Mr. Archer, whose committee oversees Social Security.

But David Wilcox, the Treasury Department's assistant secretary for economic policy, avoided any such commitment. Deflecting two hours of grilling, Mr. Wilcox clung to the White House's position that it is too early to decide either how the program should be changed or the best way to proceed. He said Mr. Clinton would continue to assess whether "proposing a specific plan would help move the process forward."

The partisan jockeying reflects the

stakes — and the sensitivity — in trying to revise an enormously popular social program that faces insolvency as baby boomers start to retire early in the next century. With the number of retirees growing while the pool of workers supporting them diminishes, the trust fund is expected to become depleted by 2032. (WP)

Gingrich Sets His Price

WASHINGTON — Now that he's on his way out of Congress, Representative Newt Gingrich, Republican of Georgia, wants to be paid \$50,000-plus for a speech and an hour's worth of his thinking.

A memorandum from the Washington Speakers Bureau sent recently to corporations and trade associations says:

"In addition to his speech, Mr. Gingrich, a man of ideas, is willing to meet for one hour — either in Atlanta or once on site — to exchange views with your CEO, organization president or board of directors."

The memo does not give a price tag, but one association executive who checked it out said he was told the cost for a speech was \$50,000 plus three first-class plane tickets. (WP)

Quote/Unquote

Sam Dash, the former Senate Watergate counsel, when he resigned as Kenneth Starr's ethics adviser to protest the independent counsel's decision to testify in House impeachment hearings against Mr. Clinton: "You have violated your obligations under the independent counsel statute and have unlawfully intruded on the power of impeachment." (AP)

Alan Pakula, Film Director, Dies in Accident

By James Steinigold
New York Times Service

NEW YORK — Alan Pakula, 70, a director of many psychologically penetrating and celebrated films including "Sophie's Choice," "All the President's Men" and "Kluge," died Thursday in a freak accident on the Long Island Expressway.

Mr. Pakula was killed when a metal pipe smashed through the windshield of his station wagon and struck him in the head, a spokesman for the Suffolk County police said.

Mr. Pakula's car swerved across a service road and hit a fence, the police said.

The police do not know where the 7-foot-long (2-meter-long) pipe came from, the spokesman said, but believe that it was already in the roadway when another car gave it a glancing blow, sending it through Mr. Pakula's windshield.

Mr. Pakula was on his way to his home in East Hampton to work on his next screenplay, "No Ordinary Time," about the White House during the time of Franklin and Eleanor Roosevelt, his family said.

He produced or directed more than 20 movies in his career, many of them richly praised, but they had a knack for winning accolades more

for his actors than for himself. That was one of the reasons he was occasionally referred to as an actor's director.

He produced "To Kill a Mockingbird" in 1962; it won Oscars for Gregory Peck and the screenwriter Horton Foote, and it garnered three other Academy Award nominations. A 1963 film he helped produce, "Love With the Proper Stranger," won three Academy Award nominations.

Liza Minnelli won an Oscar nomination for her role in the first picture he directed, "The Sterile Cuckoo," in 1969. In other movies he directed, Jane Fonda won an Oscar for her starring role as a disillusioned call girl in the moody detective thriller "Kluge" (1971), and Meryl Streep won one of her Oscars for her role as a

tormented Nazi concentration camp survivor in "Sophie's Choice" (1982).

"All the President's Men," Mr. Pakula's 1976 dramatization of how two Washington Post reporters, Bob Woodward and Carl Bernstein, uncovered the Watergate scandal, won four Oscars: for the actor Jason Roberts, for the screenwriter William Goldman and for art direction and sound. Mr. Pakula was nominated for an Oscar for "All the President's Men" and for his screenplay for "Sophie's Choice," but he never won.

"He was incredibly supportive and would give you the courage you needed," said Candice Bergen, who starred in a 1979 comedy that Mr. Pakula directed, "Starting Over." "He made it safe

for me to make a total fool of myself."

Harrison Ford, who starred in Mr. Pakula's last movie, "The Devil's Own," called Mr. Pakula "a natural guide to inner realms."

Mr. Pakula made different kinds of movies, all of them intended to entertain, but the thread connecting many of them was a style that emphasized and explored the psychology and motivations of his characters.

The first film he produced, in 1957, was "Fear Strikes Out," starring Anthony Perkins, a study of a talented but troubled baseball star whose career was thwarted by his mental illness.

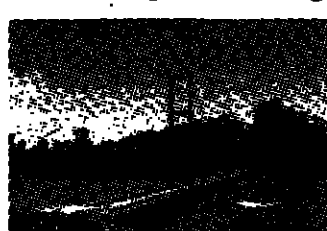
Mr. Pakula's interest in such issues was highlighted when one of his stepsons, Robert Boorstin, a former re-

porter for The New York Times and now an official at the U.S. Treasury Department, spoke publicly about his depression and sought to educate the public on the illness.

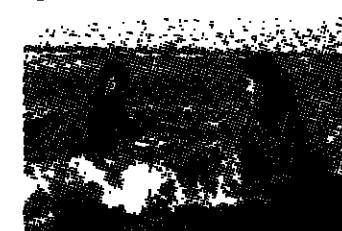
Mr. Pakula participated in fund-raisers and spoke openly about his stepson's battle with the disease and the impact on his own life.

The most autobiographical film he made was "See You in the Morning," which was about a divorced man like himself, and his marriage to a widow with several children. In fact, Mr. Pakula's second marriage was to Hannah Boorstin, now Pakula, an author of historical biographies whose first husband had died, leaving her with three children. The man in the film is a psychiatrist.

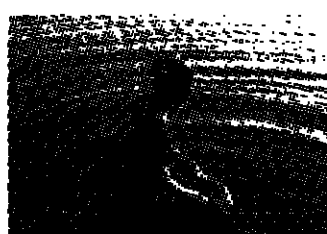
.....and you thought you'd seen it all!



The Hanging Bridge at Ranganati



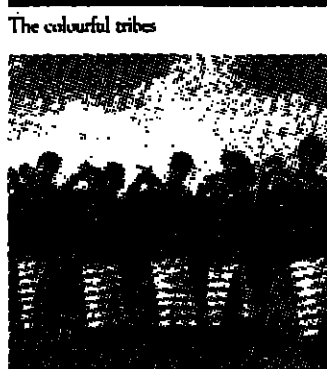
The blue waters of The Bay of Bengal



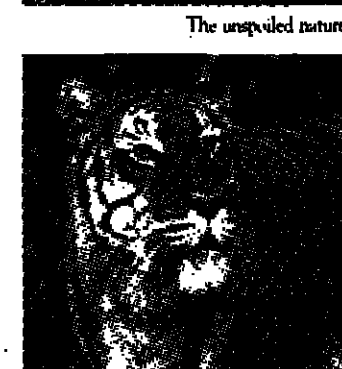
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مكتبة الأمل

To Palestinians, Settlers' New Roads Lead to a Dead End for West Bank

By Lee Hockstader
Washington Post Service

AL KHADR, West Bank — All her life, Halima Sbeih, a Palestinian farmer in her 60s, has worked the olive trees on her family's West Bank land, a hard-scrabble plot tended also by her father, her grandfather, her great-grandfather and his father before him. The land, she says, has belonged to her family "since God created the Earth, for millions of years."

Not for much longer. The Israeli government is expropriating swaths of Palestinian land, including some of Miss Sbeih's, to build bypass roads for Jewish settlers.

The roads are part of an unintended effect of the U.S.-brokered interim peace accord, known as the Wye River Memorandum, that was signed last month at the White House. The agreement, under which Israel turns over an additional 13 percent of the West Bank to Palestinian control,

was meant to advance the cause of Middle East peace while lowering the political temperature in the West Bank.

As it happens, the accord has ignited fresh tensions over land in the West Bank — on hillsides where Jewish settlers rushed to stake a claim before it was too late, on the outskirts of settlements where Israeli soldiers have fortified their positions with trenches and cement bunkers, and on arable Palestinian land where Israeli bulldozers have roared in to carve new bypass roads.

"What kind of peace is this?" asked Imad Salim, 25, a Palestinian farmer near the Arab village of Al Khadr, just south of Jerusalem. "If peace means losing our land, what good is it?"

A dozen new roads — more than 30 kilometers (50 miles) worth in all, some up to 30 meters (100 feet) wide — will enable West Bank settlers to skirt Palestinian communities en route to other Jewish enclaves as well as to Israel proper. The government insists that the new roads are a

security lifeline for Jewish settlers living in West Bank communities that will become more isolated by the troop withdrawal, which will leave 40 percent of the West Bank in Palestinian hands.

"Our goal is to prevent confrontations between the two groups," said Shlomo Dror, spokesman for Israel's civil administration in the occupied territories.

Few Palestinians regard road-building in the West Bank as being just about security, let alone convenience. They say the intent of the new roads, and the effect, is to strangle the natural growth of Palestinian towns and villages, to divide and control the West Bank by slicing it up and to defeat hopes for the establishment of a Palestinian state.

"This is Israel's policy," said Abdullah Ghneim, mayor of Al Khadr, a Palestinian village hemmed in on two sides — and soon on a third — by Israeli bypass roads. "Their ultimate aim is to block an independent Palestinian state and to

destroy any geographical continuity between Palestinian territories."

The roads would do this in two ways, the Palestinians say: Because they would be impossible to cross while being used by high-speed traffic and because the Israeli prohibit buildings on each side near the roads.

The system was approved by Israel's cabinet — which was nudged by American pressure into a pullback from the West Bank: it never really wanted to see the withdrawal. Half the roads are already under construction, and the plan is to complete all 12 by the end of a three-stage troop withdrawal in February.

Here on the outskirts of Al Khadr, the first Israeli bulldozers moved in last weekend, carving rights-of-way for the new roads along the vineyards and olive groves tended by local farmers.

The bulldozers, protected by dozens of Israeli soldiers, tore 50-year-old olive trees from the

ground and pulverized earth-and-stone embankments that had demarcated property lines here for generations. When furious Palestinians threw stones at the bulldozers, the troops responded with rubber-coated bullets and tear gas.

The road they are building will connect Efrat, a Jewish settlement a mile from Al Khadr, to a main north-south highway running from Jerusalem to Hebron.

Israel insists that it is taking pains to minimize the disruptions caused by the new roads, choosing routes, even indirect ones, that avoid privately owned and actively farmed land. If expropriation is necessary, the government says, it compensates owners for the land. Palestinians, who regard the land as not for sale, say they refuse the payments on principle.

"I don't know how much they offer because I'm not interested," said Ali Mousa, a farmer who expects the new bypass road to wipe out about half his vineyard. "This is Palestinian land."

MIDEAST: Israel Starts Pullout

Continued from Page 1

stretch of overgrown agricultural fields. The Israeli driver, Tsemach Tadmim, operated a crane lowering new border markers — concrete cubes painted yellow and brown — to either side of the desolate byway. The soldiers accompanying him took turns having their picture taken by the cubes.

"It's history," one said, with a shrug. Meanwhile, in Hebron, Mr. Arafat was giving his approval to the altered map, which contained tiny changes but turned over the same amount of land: 2 percent of the West Bank to joint Palestinian-Israeli control, and 7 percent to full Palestinian control. There are 28 towns and villages, with Kabatiya the largest, in the mostly rural area; in 10, Palestinian police stations were opened Friday.

No Israeli Army bases were moved in this first redeployment, and no roads leading to and from Jewish settlements fell into Palestinian hands. Two small settlements, about 50 families each, will become enclaves surrounded by Palestinian-controlled land.

By the time the second and third withdrawals are complete, the Palestinians will have control of 40 percent of the West Bank.

At the same time, at several military checkpoints between Israel and the Palestinian territories, the prisoners were set free.

Palestinian officials were upset by the number of common criminals, rather than political prisoners, released. At the Nahal Oz checkpoint in Gaza, an Israeli police officer told reporters, "You'd better lock your cars because they're all car thieves," Reuters reported.

There were none of the customary hero's welcomes of Palestinian prisoners released by the Israelis, and many mothers of political prisoners whose sons were not released were left sobbing at the border crossings.

Jamal Abu Rab was quietly released from an Israeli jail in Mejdido very late Thursday night, and made his way to his home in Kabatiya. A former Black Panther leader, he was one of five jailed members of the Palestinian security services who were freed by the Israelis in a last-minute concession.

Mr. Abu Rab had been imprisoned after holding an Israeli soldier hostage in what he considered a political act. Asked if his days of kidnapping Israelis were over, he said, "I hope we will not be obliged to do so."

A surge of euphoria swept Kabatiya during the police parade. But there were also those who voiced doubts that life would change enough.

"When we wake up tomorrow morning," said Najeb Mohammed Abu Al Rab, 70, "will our life really be that different?"



CAMBRAI MEMORIES — Philippe Gorczinski, a World War I buff, beside an unearthed Mark IV tank in Flesquières, France. Mark IVs were first used in Britain's massed tank attack at Cambrai on Nov. 20, 1917.

TRAINEES: Jewish and Arab Israelis Learn Together in London

Continued from Page 1

restraint left them sometimes unsure of their ways. "The business culture, it's something new for me, even the way you are dressed," said Mr. Abu Moch, who proudly showed off a smart black suit typical of London's West End but rarely seen in Israeli business circles. He also found the politeness of British business dealings "amazing."

"In Israel, if a supplier is causing problems, you yell at him," Ms. Peretz said. She preferred the Marks & Spencer philosophy of building partnerships with suppliers. "They know their resource is the human beings sitting here," she said.

The learning continued in the evening when the group members returned to their apartments above the company's flagship Oxford Street store. They laughed about the difficulty of doing business in English all day, the challenge of making Middle Eastern food in London and the damp dreariness of a British autumn. In many ways, being thrown together in a foreign land showed they had more in common than they suspected.

"Basically, the group here is nine individuals, not five Arabs and four Israelis," Mr. Kashow said. "That's the best thing we achieved here."

"We are all here together," Ms. Peretz said. "We have an enemy — London. We're trying to bring that feeling back to

Israel, and grow flowers from it."

That won't be easy. The group admitted they were not exactly representative of the broad spectrum of opinion in Israel.

And while they appeared comfortable to return as ambassadors for peace and talked of establishing a charitable organization to sponsor Jewish and Arab interaction, they acknowledged they would face an uphill battle against historical mistrust and animosity.

Mr. Abu Moch said he believed Jewish-Israeli opinion was moving to the right and that the group's attempts to spread their cooperation would amount

to little unless they were backed up by peace efforts from the government of Prime Minister Benjamin Netanyahu.

"The idea is great, but the reality is different," he said. "If you are not supported by the government efforts, you can't do a lot."

Fatin Khazin, a social worker from the Arab village of Ramat, said she believed attitudes would only change with time.

"We can't get rid of all the stereotypes, the prejudices we have internalized since we were born," she said. "The big thing will be to educate our children differently, without all of the diseases that we have."

Away From Politics

The former au pair Louise Woodward must pay damages for the death of 8-month-old Matthew Eappen, a federal judge in Boston ruled and set a January trial date to decide the amount. U.S. District Judge William Young refused to set aside a default judgment against Ms. Woodward in a civil wrongful death lawsuit.

A videotape provided by Dr. Jack Kevorkian, showing the doctor administering a fatal injection to a patient who then dies on camera, is scheduled to be broadcast by the CBS newsmagazine "60 Minutes." Kevin Tedesco, a

spokesman for "60 Minutes," said Dr. Kevorkian was "trying to raise an issue, to get himself arrested and to make his case a trial balloon." The doctor, whose license to practice medicine has been revoked in his home state of Michigan and in California, has in the past decade made himself synonymous with the issue of physician-assisted suicide. (NYT)

Surgeons have reported that they corrected spina bifida in a 23-week-old fetus in the womb, allowing the baby to be born with normal leg movements. In a letter published in the Lancet medical journal, doctors from Children's Hos-

ALLIES: China and Russia Draw Closer

Continued from Page 1

settlement of the standoff with Iraq. Chinese officials have noted publicly that Russia sides with China in its opposition to U.S. plans for a theater missile defense network in Asia.

No one expects Beijing's ties to Moscow to eclipse China's relations with the United States in importance. China's trade with Russia, for example, is only a fraction of its trade with the United States: \$4.12 billion with Russia for the first nine months of 1998 compared with more than \$60 billion with the United States. Historical distrust also bedevils the relationship, as does China's desire to play a greater role in Central Asia and Mongolia — areas that Moscow regards as its turf.

Nonetheless, the emerging ties between Moscow and Beijing have raised eyebrows in Western and Asian capitals because the bulk of the relationship is founded on Russian arms sales to the People's Liberation Army, or PLA. During the past four years, for example, arms sales from Russia to China alone accounted for roughly one-quarter of the total trade between the two countries, or \$1 billion a year. Defense experts are further concerned by Russia's apparent willingness to sell China increasingly sophisticated technologies.

China is Russia's second-biggest arms customer after India. Western defense experts say its main weapons purchases from Russia are designed not to help China fill short-term combat capability but to gain access to advanced technology. China has purchased four Kilo-class submarines, 48 Su-27 fighter jets produced by Sukhoi, along with a licensing deal to produce about 200 more in China. Beijing is believed to have ordered two Sovremenny-class destroyers, currently being built in St. Petersburg.

More important, Russian media reported in April that the Progress aviation firm in Arzyshev, Maritime Territory, had started production of 30 Sumbum anti-air missiles for China. The Sumbum can travel at twice the speed of sound while

skimming the ocean's surface. "This one could hurt us," said an official at the U.S. Defense Intelligence Agency.

China's shopping spree in Moscow comes at a time when the rest of Asia is reeling from an economic crisis that has gutted arms acquisition programs across the region. This has left China, Taiwan, Singapore and, to a lesser extent, Japan as the only countries actively bolstering their arsenals. Such acquisitions have raised concern in other Asian capitals.

Thailand, for example, can only afford to deploy its newly purchased 11,485 ton aircraft carrier once a month. It has also canceled the purchase of eight U.S.-made F/A-18 fighters. Malaysia has put on hold plans to buy its first submarines and 300 helicopters for its army air corps. South Korea's defense forces postponed the purchase of \$1 billion worth of U.S. arms. And Indonesia canceled 12 Russian-made Su-30K multi-role fighters and eight Mi-17V helicopters.

Russian officials have told their Western counterparts that Russia is not supplying China with its best technology.

The line out of the Russian Embassy is that anyone privy to all the details of these deals is not that uncomfortable that Russia is giving away the farm, a Western diplomat in Beijing said. "Also, they have a pretty healthy contempt for the Chinese military."

Lieutenant General Vladimir Mikhailov, the vice commander of Russia's air force, said: "We are selling the Chinese very little."

General Mikhailov was standing in a plush function room of the Zhuhai Hotel, having just exchanged toasts and bear-hugs with several Chinese officials associated with the arms trade. "But if they want to buy the Su-30, we will sell it to them," he added.

Defense experts think the Su-30 fighter-bomber would mark a significant upgrade for China's air force. Richard Fisher, a specialist on the Chinese military at the conservative Heritage Foundation in Washington, said the sale to China of the Su-30 would give Beijing "the basis of a modern strike capability."

Eric McVadon, a former U.S. Navy admiral and defense attaché in Beijing, agreed that "Washington should worry about more advanced fighters and quiet diesel submarines that China might purchase from Russia."

He added: "However, we should keep all this in perspective. China can use these things to make our lives more miserable in a future Taiwan crisis. Nevertheless, these purchases will not allow the PLA to surmount all its shortcomings, and become a power able to threaten American power in Asia. The PLA is coming from a position of truly extraordinary backwardness and obsolescence."

STARR: Ex-Watergate Counsel Quits Team to Protest 'Aggressive' Push for Impeachment

Continued from Page 1

As the first independent counsel to make an impeachment referral to the House of Representatives under a law inspired by the Watergate affair, Mr. Starr said he was in "uncharted waters." He said he thought he had done the proper thing in accepting the Judiciary Committee invitation.

Mr. Starr described his appearance there Thursday as "explaining, not advocating." "Reasonable minds can differ," he said, over interpretation of the independent counsel law. "But I lived up to my duty as I saw it."

Mr. Dash, however, helped draft the independence counsel statute. As an arbiter of professional conduct for the American Bar Association and a respected expert on legal ethics, his resignation is likely to reverberate among politicians and the public.

Mr. Starr's decision to accept the committee's invitation to appear had aroused some controversy. But that quickly died as Democrats on the panel looked forward to their first chance in 10 months to question the man whose work was at the center of the crisis around the Clinton presidency.

It was unclear just how great an impact Mr. Dash's resignation might have. Many Americans are too young to remember his role in the Watergate scandal, which cul-

minated in President Richard Nixon's resignation in August 1974.

Many legal analysts saw Mr. Starr's hiring of Mr. Dash four years ago as a public relations coup, providing political cover — Mr. Dash is a registered Democrat — and projecting a desire for an ethically conducted inquiry.

"I think Starr was wise, even brilliant, to choose Sam Dash, because of Sam's prestige and credibility with the media," Stephen Gillers, a New York University law professor, recently told The Washington Post. "That has given Starr some cover, which actually worked for a while to stave off criticism."

Despite his criticism of Mr. Starr's appearance before the Judiciary Committee, Mr. Dash did not question the evidence compiled by the independent counsel or the tactics used in doing so. Mr. Dash has repeatedly defended Mr. Starr against charges from Democrats that there was a conflict in Mr. Starr's investigating Mr. Clinton while working as a private lawyer for a firm that represents corporate firms opposed to some Clinton administration policies.

At the same time, he has appeared to criticize Mr. Starr's approach in articles in the New York Observer and the New Yorker magazine. He was quoted, among other things, as saying he would have

preferred that Mr. Starr devote his full time to the independent counsel position.

Mr. Dash himself had encountered criticism during his tenure as Mr. Starr's adviser, both for the amount of money he was paid — most recently about \$3,200 a week, a considerable fee for a part-time government consultant — and for a sense that Mr. Starr used him to provide legitimacy. "I would not have agreed to play that role," Lawrence Tribe, a Harvard Law School professor, told The Washington Post recently. "I would feel ethically compromised. Providing legal consultation and trying to make legal arguments on behalf of the independent counsel is one thing. But I wouldn't want in effect to be allowing my reputation to be used as a shield for someone whose circumstances, in the end, I don't have the ability to influence." Mr. Dash's response: "I'm not giving Ken Starr my reputation. I'm giving him my expertise."

The Kendall-Starr Bout

John Broder of The New York Times reported:

The president's lawyer, David Kendall, finally got his chance to confront Mr. Starr on Thursday night, and he used his entire hour not to defend the president's actions or his veracity but to attack Mr.

Starr and the conduct of his investigation.

Mr. Kendall struck within his first minute of cross-examination, criticizing Mr. Starr for engaging in "overkill" in his inquiry and for hiring "an undisclosed number of private investigators" to gather evidence of presidential misdeeds.

The president's lawyer then spent the next 60 minutes in a relentless assault on Mr. Starr's honesty, his prosecutorial tactics and his ethics.

This was the first extended public exchange between the legal minds behind the extraordinary political and constitutional drama that has captivated Washington all year. And following the White House's consistent strategy, Mr. Kendall immediately sought to make Mr. Starr — not the president — the subject of debate.

Mr. Kendall's aggressive questioning shook the calm demeanor of Mr. Starr, who had remained unruffled throughout most of a long day of interrogation by the committee. Mr. Starr grew tight-lipped and tense at times under Mr. Kendall's ceaseless baiting, but he never completely lost his practiced courtroom calm.

Mr. Kendall devoted a large part of his time to accusations that Mr. Starr and his deputies leaked grand jury material to the news media. At the end of one long exchange, Mr. Kendall said, "There has been



Sam Dash, the former chief counsel to the Senate Watergate Committee.

no case remotely similar to this in terms of the massive leaking from the prosecutor's office, and I think we know that."

Mr. Starr stiffened and replied: "I totally disagree with that. That's an accusation and it's an unfair accusation. I completely reject it."

A few minutes later, Mr. Starr drew blood as he began to suggest that the White House, through a joint defense agreement with many sympathetic witnesses, had access to much of the same grand jury material that prosecutors had. He seemed about to say that the president's lawyers and defenders might be responsible for some of details in news articles about the Lewinsky investigation. Mr. Kendall, unwilling to allow that charge to be heard by the committee members, interrupted Mr. Starr and abruptly changed the subject.

Mr. Kendall did not offer a single point in explanation or defense of the main charges in Mr. Starr's impeachment report to Congress. He did not answer the multiple accusations of perjury, obstruction of justice or witness tampering that appear in Mr. Starr's 445-page report. He did not try to explain Mr. Clinton's sworn denials of sexual activity with Ms. Lewinsky, nor did he try to defend the president's involvement in helping her find a job when she was likely to be called as a witness in the Paula Jones sexual-misconduct lawsuit against the president.

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مكتبة الأمل

North Korea Hones Its Missiles

U.S. Intelligence Spots New Launch Sites and Faster Production

By Dana Priest
and Thomas W. Lippman
Washington Post Service

WASHINGTON — Despite international pressure to curtail its missile program, North Korea is building at least two new launching facilities for the medium-range Taepo Dong-1 and has stepped up production of short-range missiles, according to U.S. intelligence and diplomatic sources.

The projects, and a conclusion by U.S.

intelligence agencies that North Korea intends to test-fire a second missile capable of striking Japan, are inflaming regional tensions, U.S. officials and Korea experts said.

Japan is responding to the North Koreans by seeking to boost its defenses with an anti-missile system, a move seen by China as upsetting the military balance in the region.

President Bill Clinton, who arrived Friday in South Korea for a state visit, is scheduled to address the missile issue

with his hosts as part of discussions on security matters. The administration also is trying to keep alive a nuclear agreement with Pyongyang at a time when U.S. policy toward North Korea is facing criticism as being ineffectual.

On Wednesday, a high-level State Department delegation completed a visit to North Korea after being denied access to a huge underground construction complex that U.S. intelligence officials believe is a nuclear facility. U.S. officials rebuffed a request by Pyongyang for a \$300 million payment in exchange for permission to enter the complex.

The public focus during Mr. Clinton's trip and that of the State Department group, led by a special envoy, Charles Kartman, has been on Pyongyang's nuclear program, which North Korea promised to freeze under the 1994 Framework Agreement. But U.S. officials and other experts say the missile program is on the agenda because it is a more imminent threat.

"The administration certainly has serious concerns about the missile program," said a White House foreign policy spokesman, David Leavy. Noting that this issue was "an important element of the president's agenda in Japan and South Korea," he added, "We are going to raise this and make the security issues an important part of this trip."

David Kay, chief UN nuclear weapons inspector from 1991 to 1992, said: "The missile threat is much more immediate. These are weapons of terror and intimidation."

Like the nuclear issue, there appears to be no resolution of the missile problem in sight. The last bilateral missile talks between the United States and North Korea took place more than a month ago, and no future talks are set. At the time, Pyongyang reportedly asked Washington for up to \$1 billion a year for three years to convert its missile production plants. Last year, the United States offered to ease some long-standing economic sanctions on North Korea in exchange for restraint on missile exports, U.S. officials said, but no agreement has been reached.

On Aug. 31, North Korea launched a test of the three-stage Taepo Dong-1, with a range of about 2,000 kilometers (1,250 miles), over Japan. Its first stage splashed down in the Sea of Japan and a second stage crossed over Japan's main island of Honshu and landed in the Pacific Ocean. A third stage, which U.S. intelligence sources had failed to detect until reviewing data several weeks later, broke into pieces and traveled about 5,550 kilometers downrange.

Intelligence sources said North Korea is building a launching facility for the Taepo Dong-1 at Yongo-dong that could be completed in 1999. Workers have completed bunkers for propellant fuel and are constructing a launching platform. A similar site is under construction at Chihari, the technical support base for North Korea's Scud missile brigade, sources said.

"We have identified some construction that we think might be bunkers to store Taepo Dongs in," said a senior U.S. official. "You could roll them out and elevate them into a position to launch."

North Korea also has recently stepped up production of its No Dong short-range missile, which U.S. officials believe are destined for export. U.S. officials said the missiles are likely to be sold to Syria, Pakistan or Libya, each a prior customer.

On paper, the ballistic missile and nuclear issues are separate. North Korea has proclaimed its intention to build, launch and market intermediate and long-range missiles to raise revenue for its shattered economy and to launch satellites.

"They are proliferator number one, selling not only missiles but production capability" to such countries as Iran, according to an administration official who monitors the North Korean program. Pyongyang is under no legal or treaty obligation to restrain missile development or sales.

On the nuclear side, however, North Korea is bound by the 1994 deal with the United States known as the Framework Agreement. In that pact, North Korea agreed to suspend operations at its known nuclear weapons site at Yongbyon — halting the separation of plutonium and suspending operations of a plutonium-producing nuclear reactor — in exchange for the donation of two light-water nuclear power plants. The United States also pledged to supply 500,000 metric tons of heavy fuel oil annually until the power plants are on-line.

U.S. officials said the nuclear and missile issues were linked because the financing package for the nuclear power plants includes \$1 billion from Japan. Washington assumes the Japanese Parliament would refuse the appropriation if North Korea fired another missile across Japanese territory. Congress also would be expected to balk at putting up further funds for a deal to which many members are already hostile. The U.S. commitment is \$35 million a year, used for fuel oil purchase and transportation.

■ **Kim to Seek Softer U.S. Stance**

South Korean officials said Friday that President Kim Dae Jung plans to suggest to President Clinton when they meet Saturday that the United States climb down from its tough stance vis-à-vis North Korea and adopt a more conciliatory policy. South Korean officials said Friday, the International Herald Tribune reported from Seoul.

The current American policy "is not realistic," said a senior official at the Blue House, the center of presidential power in Seoul. "The current situation on the Korean Peninsula is more positive than before, and North Korea is now changing gradually."

For that reason, the official said, Mr. Kim hopes to persuade Mr. Clinton of the advantages of his "sunshine policy of engagement" with the North, despite U.S. suspicions that North Korea plans to develop nuclear warheads in an underground site spotted three months ago by U.S. satellite imagery.



South Korean soldiers consulting a map on Kanghwa Island, off the west coast, as they searched Friday for possible North Korean intruders. South Korea was on maximum alert after a North Korean submersible craft was intercepted before dawn and chased away by military patrols.

New Racial-Preference Front

Public High School Loses as Challenges Widen in U.S.

By Tamar Lewin
New York Times

NEW YORK — In the first of appeals court rulings on racial preferences in public school admissions, a three-judge panel in Boston's federal court ruled Friday that the city's most prestigious public high school could not use race as a factor in admissions.

The challenge to Boston Latin School, brought by Henry Robert Weissman, the father of a white student who was not admitted, moves the highly charged debate over affirmative action in education from the college and professional school level down to the public school systems.

Two years ago, in a case involving the University of Texas law school, the 5th U.S. Circuit Court of Appeals barred the use of race in university admissions.

But the constitutionality of racial preferences in admissions to prestigious public high schools is more complicated

because so many districts, like Boston, have used race to desegregate schools. In Boston, the city has created so-called "magnet" schools — schools with special curricula and staff, and special admissions — to promote integration.

"The issues are very different in public schools, where every child will get a placement, than in the professional school context, where a person who may not have access to that career," said Patricia Brannan, a lawyer working on a similar case involving a magnet school in Arlington, Virginia. "At this point," she said, "it's not clear exactly what's allowed. There are several cases mulling their way through the courts."

Although the ruling Thursday is binding only on Maine, Massachusetts, New Hampshire, Rhode Island and Puerto Rico, it is likely to draw intense interest in many school districts that are race-conscious in admissions to their most competitive schools.

BRIEFLY

Closing Sign Is Up For China's Military

BEIJING — China said Friday that its military, judiciary and police would surrender their huge business empire by the end of the year as part of a government crackdown on corruption. The State Economic and Trade Commission has set up a special office to oversee the transfer of ownership of military, judiciary and police-owned enterprises by the end of December, a commission statement said.

"This is a necessary measure to maintain the order of a socialist market economy and guarantee continued rapid and healthy development of the national economy," the statement said.

President Jiang Zemin ordered the People's Liberation Army in July to withdraw from its business activities in one of his boldest moves to stamp out graft. He gave no timetable. (Reuters)

Karachi Peace Effort

KARACHI, Pakistan — Prime Minister Nawaz Sharif said Friday that military courts would be established immediately to restore peace in Karachi, where nearly 800 people have been killed this year.

He said that the constitution had been invoked to give the military powers to back the provincial administration against the sectarian, political and ethnic violence.

It was the most radical step Mr. Sharif's government has taken against the near-daily bloodshed in Karachi, a city of 12 million and Pakistan's main port and commercial center. (Reuters)

U.S.-India Talks End

NEW DELHI — India and the United States ended a seventh round of delicate arms control talks Friday amid differences over nonproliferation measures.

India expressed concern about a U.S. decision to blacklist dozens of government institutions and private firms for alleged links with the country's nuclear and military programs, officials said.

The United States, which has been urging India to accept nonproliferation accords and exercise restraint on its nuclear and missile programs, listed steps that India could take to narrow the two country's differences.

The two sides are to meet again in January. (Reuters)

New Ties for Taiwan

TAIPEI — Taiwan won a modest victory Friday in its diplomatic tug-of-war with China, establishing formal ties with the Marshall Islands, a tiny former U.S. dependency in the Pacific.

The surprise move, announced in Taipei by Foreign Ministers Jason Hu of Taiwan and Phillip Muller of the Marshall Islands, was a bright spot in a bad year for increasingly isolated Taiwan, which has seen four allies switch ties to Beijing in 1998.

Mr. Hu said plans to exchange ties had been kept secret to prevent interference by Beijing, which refuses recognition to any state that recognizes Taiwan's government. (Reuters)

Jakarta Shootings

JAKARTA — Doctors have found metal bullet fragments in the bodies of students shot and killed by Indonesian troops during street protests last week, a forensic expert confirmed Friday.

The military has begun an investigation into allegations that its soldiers disobeyed top-level orders and opened fire with live rounds instead of plastic bullets or blanks.

Also Friday, several hundred students and members of Muhammadiyah, Indonesia's second-largest Muslim group, marched toward the presidential palace, demanding greater democratic change. (AP)

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Herald Tribune

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No New Evidence

On the core question of whether President Bill Clinton's misconduct in office merits impeachment, the testimony of Kenneth Starr brought more clarity than most Americans could have expected.

The independent counsel outlined his case that Mr. Clinton lied under oath, obstructed justice and tampered with witnesses, but he brought the House Judiciary Committee no new evidence beyond that offered in his Sept. 9 referral.

Now, as then, that information provides what Representative Bill McCollum, Republican of Florida, called "a compelling picture" of a president failing in his sworn duty to see that the law is faithfully executed.

But now, as then, the correct conclusion is that condemnation through formal congressional censure is the proper punishment for Mr. Clinton, not impeachment by the House followed by the ultimate constitutional penalty of removal from office by the Senate.

For some time, our position has been that censure of Mr. Clinton for lying under oath was the correct remedy unless new evidence emerged.

The logic of that position proceeds from the political consensus of the American people and the scale of the offenses, even if every detail of Mr. Starr's allegations could be proved.

This misconduct did not occur in the context of national security or the misuse of key agencies. It stemmed from personal weaknesses — Mr. Clinton's compulsive risk-taking, his disrespect of the high office and historic residence entrusted to him, his habitual mendacity — that no future chief executive is likely to emulate.

Therefore Mr. Clinton deserves to be punished in a way that writes his disgrace into the history books and affirms the presidency's subversion to and obligations under the rule of law, while at the same time sparing the nation the trauma that removal of this weak man would impose on the people and the political system.

Mr. Starr hoped to use his testimony to salvage his legal reputation while also proving his case that lying in a sexual harassment suit was in and of itself grounds for impeachment. His long opening presentation was at once an orderly and useful summation of the evidence to date, and a devastating admission that he had no additional evidence that would strengthen his case.

Those who believe that new information was needed to raise Mr. Clinton's misconduct to the level of impeachment heard none on the Monica Lewinsky matter or on earlier scandals. Indeed, Mr. Starr testified that he could not prove his suspicions about President and Mrs. Clinton on Whitewater and that he found no offenses by them on Travelgate and Filegate.

Mr. Starr presented himself as bound strictly by the law, yet much of his case against Mr. Clinton rambled far afield. He listed misleading the American people, lying to the cabinet and White House staff, specious use of privilege claims and six refusals to testify before the grand jury as part of the enumerated charges.

These failings are part of the conduct that makes Mr. Clinton a slippery and unadmirable president. But they are not legally impeachable or even prosecutable.

The strongest part of Mr. Starr's case focused on incidents of presidential lying that unfolded after Dec. 5, 1997, when Mr. Clinton first learned that his paramour would be a witness in the Paula Jones case. On six occasions, starting with his Jan. 17, 1998, de-

position and ending with his Aug. 17 grand jury testimony, Mr. Clinton testified falsely or lied in public about his relationship with Ms. Lewinsky. In addition, between Dec. 5 and his Jan. 17 deposition, Mr. Clinton took a number of potentially illegal actions that Mr. Starr said were shown by direct testimony or "circumstantial evidence."

In Mr. Starr's account, the president urged Ms. Lewinsky to swear to a false affidavit, sought to tamper with the evidence of his gifts to her, coached his secretary, Betty Currie, to tailor her testimony to his, and reached out to his friend Vernon Jordan, a powerful Washington lawyer, and others to get Ms. Lewinsky a job that would keep her silent.

Mr. Starr said Mr. Clinton's actions over this "eight-month journey" amounted to "witness-tampering, obstruction of justice and the use of presidential authority and power in an effort to conceal the truth of the relationship and to delay the investigation."

That is the heart of the impeachment case. For our part, we have never been in the school that excuses presidential lying if it concerns private conduct. We regard lying under oath for any reason as a serious breach of presidential responsibility and agree with Mr. Starr that much of this inquiry was necessitated by White House stonewalling and deception on suspect events that started with Whitewater.

But we still do not see impeachment as the appropriate legal response. That is partly for the reasons of legal scale outlined above, and more importantly for the final judgment that has now developed in the public and the Congress. Even diehard congressional Democrats like Representative Barney Frank of Massachusetts want Mr. Clinton to be punished.

But a substantial majority of the American people would not support impeachment or removal on the existing facts, and Mr. Starr's bottom line was that he has no more to offer.

Mr. Starr has dark and reasonable suspicions about, say, jobs for silence, but he cannot prove them. Those parts that he can prove, such as Mr. Clinton's blatant lying under oath about sex, will not be supported as grounds for impeachment by a majority of the House, even though it is controlled by the Republicans.

Mr. Starr handled himself better than Democrats had hoped in responding to charges of collusion with the Jones lawyers, the bludgeoning of witnesses and ideological obsessiveness. But serious questions remain about his prosecutorial conduct, including his handling of Linda Tripp and her tapes.

The Republicans, meanwhile, have an acute problem. They could probably clear an impeachment recommendation on a party-line vote in the Judiciary Committee. But that vote would damage their party in the next election and displace their own designated speaker, Robert Livingston. Most importantly, it would not be warranted on the evidence presented by Mr. Starr.

As for the final resolution of these matters, the mess does not look so large Friday as it did Thursday. Mr. Starr's reputation for legal acuity and balanced judgment has been seriously damaged. Mr. Clinton is probably much nearer the severe censure that he deserves for betraying the rule of law.

The smart parliamentary move and the best outcome for the country would be for a senior Republican and a senior Democrat on the Judiciary Committee to offer a joint motion recommending a censure resolution to the full House.

—THE NEW YORK TIMES

As Goes Brazil

Brazil is so big, its foreign connections so extensive and its example so conspicuous that its economic strains have moved to the center of international concern. The country has not collapsed in the manner of Russia and the Asian victims of extreme duress. Brazil has an upright and, for a country modernized only in part, impressive economy. But it needs capital and is vulnerable to the jangly nerves of investors and speculators. Hence the plan organized by the International Monetary Fund and the United States not so much to rescue Brazil as to preempt a coming crisis with a bold \$4.5 billion loan package.

The IMF bails out countries that have overspent their often-slender resources or otherwise come into financial distress. So it is with Brazil, where

a democratic government is struggling to make the reforms its creditors demand — and to make them not by declaring emergency but by working with an elected legislature.

The IMF's own reputation is very much on the line. As an organization with often-secretive ways and an elitist technocratic tinge, no wonder that its Brazil package, long in coming, has been met with some probing critiques as well as some upbeat approvals.

The debate is welcome. In the new global economy, everyone is proceeding as through a fog. In Brazil as elsewhere, the IMF is not only trying to get ahead of the curve; it is also rebuilding a whole society internally and in its international linkages. This is late 20th century revolution in action.

—THE WASHINGTON POST

A Chance for a New Policy Toward North Korea

By James Kelly

HONOLULU — It is high time to review the creaking U.S. policies toward North Korea. This should be the focus of President Bill Clinton's talks on Saturday in Seoul with his South Korean counterpart, Kim Dae Jung.

Waiting a peaceful resolution of the high tensions in the Korean Peninsula is a wish, not a policy. The framework agreed in Geneva in 1994 has frozen part of North Korea's program to build nuclear weapons. But it is much less than a complete policy and may have failed on some of its own terms. On the diplomatic front, the Four Party Talks, involving the United States, China and the two Koreas, have accomplished nothing other than to be an indirect vehicle for providing new levels of food aid in return for Pyongyang's attendance.

The U.S. Congress cannot manage foreign policy. But it has been right to raise the serious objections to the Clinton administration's policies on Korea. Its demand for a special coordinator has been met by the appointment of a respected former secretary of defense, William Perry. This provides an opportunity to review all options in a situation where few look very good.

First, the United States needs to recognize that North Korea is a failed state of questionable legitimacy. Most evidence suggests that it exists to preserve the power of Kim Jong Il, over government and party officials, and the armed forces. Despite a much improved grain situation this year, North Korea is far short of being able to feed itself. It will never be able to do so under present collectivist policies.

Thousands, perhaps millions, of North Koreans have died of starvation and medical neglect. Without real reform, many more will perish.

Second, we need to question the Clinton administration's assumption that "time is on our side." This might be so if it provided time for North Korea to adjust and begin economic reforms. But there is precious little concrete evidence of any serious moves toward significant change. There is talk of market opening projects starting, but in the end nothing much happens.

We must recognize the huge risk that North Korea holds over all of our heads. There is plentiful evidence. Among more recent examples was the attempted launching on Aug. 31 of a satellite from a new, long-range, three-stage ballistic missile that flew over Japan. North Korea is also building an underground facility that could be used to restart its nuclear program. There is much ground for suspicion that the Kim Jong Il regime is using the food and other foreign aid it receives — including fuel oil provided by the United States under the 1994 agreed framework — to buy time to develop weapons of mass destruction.

North Korea faces a dilemma: it cannot survive materially without economic reform. But the threat to the regime from exposing its people to outside influence if it begins any serious reform is too great. Washington is enabling Pyongyang to continue re-

pression at home, while developing its capability to threaten peace and stability abroad.

Meanwhile, South Korea faces huge internal tasks of restoring growth in its own troubled economy. At the same time, President Kim's government must resist tendencies to wish North Korea away and face the harsh reality across the demilitarized zone. South Korea, someday, probably sooner rather than later, will have the main responsibility of managing reunification, not to mention whatever shocks that might precede it.

In revising policy, the United States should not apply harsh military pressure on North Korea. Its allies, including South Korea and Japan, believe the risks would be too high, and they may be right. Since they are far closer to the North than is the United States, Washington must respect their concerns, while working to ensure that a cleared-eyed vision of North Korea is maintained. Washington's responses must be carefully orchestrated with Seoul.

Engagement with the North can continue. But there should be a realistic firmness in responding to Pyongyang's demands for aid in cash and even kind, especially where there is evidence it is being used to prop up the regime.

A firmer policy should aim to shift the primary focus from contacts between the United States and North Korea to contacts between the two Koreas themselves. If any North Korean economic reforms are going to develop, it will be the result of South Korean business contacts.

The successes of the 1994 agreed framework justify its continuation. But the plan to build large light water reactors in North Korea are unrealistic. Such reactors are extremely costly, and will not be effective even if completed, as North Korea has no power grid to handle the electricity, and no means to build one. Instead, smaller thermal power plants should be provided.

China has received more praise for its help than it deserves. China's short-term interests coincide with those of South Korea, Japan and the United States. Beijing should be asked to coordinate its food aid with the United Nations Food Program, and provide some financial support for the alternative power supply arrangements for North Korea under the 1994 framework.

Finally, North Korea must understand that if it continues using its meager resources for ballistic missiles or any weapons of mass destruction, the response from the United States and its allies will be immediate reductions in aid and other support.

Pyongyang must be made to realize that provocation does not pay. There should be continued engagement — but with firmness behind it.

The writer, a former Asian affairs director on the staff of the National Security Council during the Reagan administration, is president of Pacific Forum CSIS, a Honolulu-based think tank that is the Asia-Pacific arm of the Center for Strategic and International Studies. He contributed this comment to the International Herald Tribune.

An American Military Priority: Feed the Russian Army

By Jim Hoagland

WASHINGTON — Once a proud nuclear superpower with global ambitions, Russia today cannot feed its own army. Malnutrition stalks its ranks. The Kremlin may soon halt drafting young conscripts. It cannot afford to pay recruits their salary of \$4 a month.

Russia's economic collapse has become the driving force in the making of military strategy in Moscow and in Washington. The world is slipping into a new strategic era: America's leaders will have to decide to help the Russian military survive in something like its present form, or take a gamble that more fragmentation and turmoil will promote American interests.

The growing Russian desperation surfaced in Prime Minister Yevgeny Primakov's comments to Vice President Al Gore during this week's Asian economic conference in Malaysia. The West, Mr. Primakov bitterly noted, refused to give \$8 billion in emergency help to Russia while ponying up \$40 billion for Brazil this month. Mr. Gore's unresponsive re-

sponse reflected the wait-and-see mode the administration has adopted as it surveys the wreckage of its multilateral aid packages and summit initiatives, diplomatic sources report.

It now comes back to the soldiers who stood watch on both sides during four decades of Cold War to guide difficult decisions that cannot wait.

Those choices range from the basic needs of food and shelter to setting strategy for the decaying Russian nuclear arsenal. Consider the symbolism of a proposal being considered by a high-level U.S. interagency working group: Should the Pentagon give millions of surplus field ration kits to the Russian Army to get it through the winter?

U.S. military leaders who once focused on destroying Moscow's armed forces, if the need arose, today lean toward providing the packaged MREs, or Meals Ready to Eat, the Pentagon suggests in public and private comments. This would give humanitarian help to van-

quished soldiers, and keep them from selling weapons or know-how to terrorists.

The political risks, however, are formidable. How to be sure the food will get to the truly needy? How to convince Congress that the Russian army is a reliable partner and not rebuilding for another era of adventurism? And on the Russian side, how to handle such U.S. help without risking humiliation?

Russia has not made a formal request for such aid. But Mr. Primakov has let it be known informally that food aid to the army would not be turned down, diplomats say.

Working to overcome the obstacles to food aid to the Russian military is in the best interests of both countries. The key lies in making the mutual benefit of such an idea plain for all to see.

Russia has been unable to push ahead with plans for restructuring and reforming its armed forces, which now number about 1.4 million. Making

food aid part of a broader program of U.S.-assisted military reform and the reduction of nuclear risks is essential to defusing hostile political reaction in both nations.

U.S. officials are hoping that the Duma, or Parliament, is finally poised for a decisive vote in December on ratification of the START-2 treaty. But even if that vote is once again blocked, the time has come for a significant U.S. push on a new strategic nuclear road map with the Russians.

Senator Bob Kerrey, Democrat of Nebraska, addressed the need for such a push in a thoughtful speech on Nov. 17. Mr. Kerrey drew attention to a law that requires the Pentagon to keep a minimum of 6,000 nuclear warheads actively deployed to "pressure" Russia to pass START-2. He correctly described the law as a self-defeating, expensive measure that ultimately "undermines our national security interests."

Mr. Kerrey's proposals include a unilateral U.S. cut of 50 percent in the present arsenal and an immediate "stand-

down" of the 3,000 warheads to be eliminated from their current hair-trigger alert status. This would encourage the Russians to follow suit, Mr. Kerrey believes.

The White House prefers to negotiate with Moscow reciprocal reductions and the taking of missiles off alert status. President Bill Clinton has already approved a still secret Presidential Decision Directive on U.S. goals for START-3 negotiations, which could begin immediately after Russian ratification of START-2.

In the next few weeks the U.S.-Russian relationship will cross a new military watershed as decisions on food aid, defusing and START get made. If handled properly — if the political will exists in Congress and the White House and in the Duma and the Kremlin — these decisions could bring a deeper, beneficial U.S. involvement in shaping the consequences of Russian collapse.

If mishandled, we are in for a return to a cold time of contained conflict.

The Washington Post

Gates and Microsoft Deserve to Lose the Antitrust Lawsuit

By John Ellis

BOSTON — On one level, the case of the People of the United States of America v. Microsoft Corp. grinds on. But on a more important level, the case is over and the people of the United States, as represented by the Justice Department, have won. Anyone who ever thought, as I did, that the antitrust action against Microsoft was ill-considered must now agree it was anything but.

There were a number of reasons to be skeptical of Justice's legal intervention. First, government intrusion into highly functional markets are, generally speaking, dubious undertakings. The head of the Justice Department's antitrust division, Joel Klein, may well be the most able lawyer in Washington, but that hardly qualifies him to set rules for the digital

economy of the next century.

Second, this suit was brought by the Clinton administration, which has raised millions of dollars from Microsoft's fiercest detractors. There is a lingering suspicion that the case was brought to trial as payback for those contributions.

Third, many of the allegedly injured parties (Sun Microsystems, Apple Computer, Netscape, IBM, Motorola) are hugely profitable corporations. The chief executives of these companies are among the most highly compensated people on the planet. Shareholders in these companies have realized extraordinary capital gains since the early 1980s, when the Microsoft monopoly began. We should all be so injured.

Fourth, it is almost impossible to argue that consumers and businesses have not benefited from the Microsoft monopoly and the so-called Windows operating systems and Intel microprocessors) duopoly. Computers have never been cheaper. Software is inexpensive. Access to the Internet and the World Wide Web is astonishingly cheap. And it all works; not as well as it might, but well enough to enable a productivity revolution that has fueled substantial economic growth in the United States and around the world.

Fifth, the case against Microsoft is necessary if one thinks that the personal computer will remain at the center of the computing universe. What the government has done is prove beyond reason-

able doubt that Microsoft's behavior has been injurious to consumers and detrimental to the advancement of the computing industry as a whole.

Through the patient and careful questioning of a Justice Department lawyer, David Boies, the government has established that over and over Microsoft used its operating system leverage to thwart competition and stifle innovation.

The testimony of an Intel vice president, Steven McGeady, was especially telling. Bill Gates, he said, "was very upset at the fact we were making investments in software of any sort." He added, "He became quite enraged at one point" that Intel had 600 to 700 software engineers "who were, in his view, competing with Microsoft. Bill made it very clear that Microsoft would not support our next processor if we did not get alignment on the issues." Any company that can dictate product development policy to Intel, the world's most profitable corporation, is almost by definition, too powerful.

The other thing the govern-

ment has done is reveal Mr. Gates' incredible arrogance and contempt for the American system of justice. His videotaped deposition was a classic of Clintonian evasion, and every bit as dishonest. He could not remember important meetings. Words he himself had typed out in e-mails did not necessarily mean what they so obviously meant. He had no idea what Microsoft's strategy was in the Internet browser wars. Mr. Gates' testimony was so preposterous and disingenuous that at two points Judge Thomas Jackson burst out laughing.

This case will eventually wind its way to the Supreme Court, and it is not clear if it will be resolved. But in the event of informed public opinion, the case is closed. Microsoft, long the most admired American corporation, has almost overnight become its most reviled.

The Justice Department has done its country an enormous service. It brought the truth to light.

The Boston Globe

Starr: Observations From an Expert

By Leonard Garment

WASHINGTON — As I was watching Kenneth Starr do his star turn and was trying to compose my thoughts on the usual legal pad, I suddenly heard a familiar voice. It was muffled and distant but unmistakably that of my former impeachment client, Richard Nixon.

NIXON: Well, Len, at least you're using the right kind of paper. You look as if you can use some help.

ME: Mr. President! I thought —

NIXON: I wanted a probationary pass. I wanted to see Ken Starr testify.

ME: What did you think?

NIXON: Not bad, Len. The guy had a powerful opening statement, if you bothered to read it. But he looked too much like a choirboy for my taste, and he sounded like one, too. He had his moments. He knows about the crimes and stood up nicely to the scripted stuff. I was also impressed by the moves he showed when Abbe Lowell went after him. But, let's face it, he was never a prosecutor before this case.

He's got to act like one, not like the fancy Washington lawyer or appellate judge he used to be.

It's got to be bang-bang, get the guy, whatever it takes, whoever he is, nail him — nasty, brutal, clear. That's what prosecutors do, every last one of them, except maybe a few compassionate misfits who wind up getting shafted or nominated to the Supreme Court. Win! That's the name of the game.

ME: But if Starr was trying to do what prosecutors always do, why has he had so much trouble?

NIXON: Will you please wake up, Len? This isn't a prosecution; it's politics. The whole country is the jury, and they're hopelessly hung and just want to go home. Not because they're tired of wallowing in scandal but because most of them think they would have done what the president did: lie, cover up, fly to the moon, anything to save the marriage.

ME: You mean Starr was naive if he thought his testimony would change anything?

NIXON: No, no, no. [He smiles that surprisingly sunny smile.] You remember what John Connally said was the basic truth about politics? He'd say, "You just never know." Remember those long, quiet stretches during Watergate, Len, when we were sure the worst was over and that we were going to survive?

ME: I suppose so.

NIXON: Then another shoe would fall — taxes, tapes — and we'd sink a little lower. The scandal centipede has 101 feet. The case is never closed. [Looks at his watch.] Time to run. Len. Lots of rules now. Remember law and order? There's lots of it at my present location. And these guys don't allow legal hairsplitting. [Fades, then disappears.]

The writer, a Washington lawyer who was counsel to President Richard Nixon, is the author of "Crazy Rhythm." He contributed this comment to The New York Times.

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ART

While the Tap's Still On: Hot or Cold?

By Souten Melikian
International Herald Tribune

NEW YORK — There is something odd about a market doomed to wind down in the not too distant future as limited supplies dwindle. It alternately blows hot and cold, as it did this week more spectacularly than ever.

Hot when a major painting such as one of Cézanne's most beautiful landscapes in his late style, heralding both the advent of abstractionism and the stylization of Cubism, suddenly turns up. Such was the case Thursday night at Christie's when "Le Chateau Noir," painted around 1904, soared to \$11.55 million.

Seething hot when beauty combines with myth. One of Van Gogh's self-portraits, painted at Saint-Rémy, followed the Cézanne. It is not the master's greatest, but it is profoundly moving with its distraught expression of self-searching. Carried along by the Van Gogh myth, it became the second most expensive painting by the master at \$71.5 million after a dramatic contest between two anonymous bidders

fighting it out over the phone.

By contrast, icy winds rise the minute a highly important work is saddled with an estimate blatantly reflecting a connoisseur's financial ambitions rather than the experts' considered opinion about its likely value. That was vividly illustrated at Sotheby's on Monday night when a bronze head by Brancusi fell unsold at \$7.6 million.

Yet, Sotheby's sale, on Monday, which looked good, went rather well despite the icy atmosphere. The financial success was undeniable: \$86.5 million for 33 of the 37 lots from the corporate collection of Reader's Digest, which was built up by its founders, Lila Acheson Wallace and her husband, DeWitt Wallace, is no mean achievement, and a further \$37.2 million for works from various owners further enhanced it.

There were striking scores reflecting the desperate competition now triggered by works deemed to be of cardinal importance. Alberto Giacometti's bronze "La forêt: sept figures et une tête," which indeed shows seven spindly figures on a rectangular pedestal from which there also rises, oddly, the bust of

a man, is one of those. It set the record for Giacometti at \$7.4 million. The buyer, amusingly enough, was Simon de Pury, formerly one of Sotheby's key men and now an art broker and consultant. With his mobile phone to his ear, he bid relentlessly right up to the top.

A second record was established as one of Modigliani's portraits of Jeanne Hebuterne, done in 1919, sold for \$15.2 million. There are greater Modiglianis, but they are in museums.

Another telling indication of the growing awareness that supplies are running out is the interest in works executed by artists at the height of their creative phase even when those do not quite live up to it. On Monday, Monet's view of the Ile Saint-Martin typified the early blossoming of Impressionism and its love of springtime landscapes. Unfortunately, the sky misses out. That did not stop the Monet from making it to a substantial \$5.94 million.

The painter's "Waterlilies" series is now recognized as the high point of his later phase. A large version, obviously found lying in his studio by the executors of the estate, as witness the stamped

signature, looked like some abandoned half-finished essay. To squeeze \$9.9 million out of that is quite a feat, and so is the \$11 million extracted for an unremarkable view of L'Estaque, Cézanne's beloved family house in Provence.

As the Reader's Digest sale ended, few could doubt that money is ready to pounce on art. So why the string of failures that marred the \$37.2 million sale that followed? For the same reason that defeated the Brancusi at auction (Sotheby's sold it privately within 24 hours): There is a price limit to everything.

If systematic, inflated "estimates" induce reactions of defensive rejection. Sotheby's found a buyer at \$904,500 for Sisley's "Le Logis à Saint-Mammès," but failed to get away with Monet's "Bords de la Seine, Un Coin de Berge," which was unsold at \$2.1 million. Beautiful in the lower part, this is shoddily done at the very top, perhaps even unfinished. Later, Cézanne's "Le Pont et le Barrage à Pontoise" was not so wonderful as to warrant a \$8 million to \$10 million estimate. Bought in, it was again negotiated privately by Sotheby's.

If auction houses wanted to show that they do not take their own estimates too seriously, they would not proceed otherwise. The reason for their excessive estimates lies in the naive belief, widespread among speculators, that printing these boosts prices. Fearful of losing sales to the competition, auction houses often give in. On the second day, at the end of Tuesday night's Contemporary Art sale, Sotheby's top brass effectively admitted that they knew that one major work, Jasper Johns' "White Numbers," stood little chance of matching the printed estimate: "We can only advise consignors; they make the decision." Never did auction houses come so close to conceding that they side with the vendor. The system is warped.

For the moment, things have not gone too far. Tuesday night was a success for Sotheby's with its 27 works from the Morton G. Neumann Family Collection. A Cubist Picasso portrait of 1909 was well sold at \$11 million even if it matches Sotheby's low estimate. "The Contemporary Art sale netted \$24.6 million, emphasizing the easy flow of money despite the difficulty in providing estimates in this field. After all, you can never say for sure whether the public looking at three vertical color bands will see it as a joke or as art worth the \$1,487,500 that Bruce Marden's "Yellows" cost that night.

It is not any easier to put a price on a bit of scribbling on white canvases in the manner of a 6-year old, enhanced with color stains. True, Cy Twombly's signature helps — that would seem to account for the \$662,500 given for the "untitled" work perfected over an



One of Modigliani's portraits of Jeanne Hebuterne set a record.

eight-year period, 1964-1972. Art of that ilk added up to \$24.6 million and by the end of Tuesday, Sotheby's had sold \$197 million worth of art.

Christie's took over on Wednesday night with a mixed assortment to which the public response ranged from pleasure to wild enthusiasm. One of Paul Signac's most beautiful seascapes ever in the Pointillist manner, of 1891, appropriately climbed to a record \$4.4 million. An admirable, and quite unusual Monet, "Canotiers à Argenteuil," monumental in its golden light, soared to a stiff \$9 million. Even uncharacteristic works such as a beautiful still life — flowers in a vase — from Van Gogh's Parisian phase in 1886 were in demand. That one cost a European col-

lector \$959,500. The \$44.9 million sale thus served as a warm-up for the Thursday night session, which was an unprecedented triumph for Christie's.

A record was promptly set for Magritte at \$5.72 million ("Le Tombeau des Lutteurs"), only to be beaten three lots down at \$7.15 million ("Les valeurs personnelles"). These scores paved the way toward the high point, the Van Gogh \$71.5 million self-portrait, more than two and a half times the high estimate.

Ironically, that too shows in its way that the barometer has been broken, making weather forecasts in the market landscape virtually impossible. Failures and dizzying successes will increasingly go hand in hand. The road is bound to be bumpy.

The Guggenheim, to Bilbao and Back

By Ralph Blumenthal
and Carol Vogel
New York Times Service

NEW YORK — The Solomon R. Guggenheim Museum is quietly developing plans for a large new branch to be designed by the Los Angeles architect Frank Gehry and built at the Hudson River on Pier 40 off Houston Street, people who were consulted on the project say.

The proposed museum, part of a growing empire of Guggenheim outposts, including those in Spain and Germany, would be built on state land in the middle of a new waterfront state park, a 10-minute walk to Chelsea or SoHo, Manhattan's two major art centers.

It would be the first major museum building to rise in the city since the Whitney in 1966 and perhaps the biggest change in the West Side skyline since the \$500 million glass-sheathed New York Convention Center opened in 1986.

Like all projects affecting the ecology of the Hudson River, the museum plan would have extensive federal, state and local review. Approval from the Army Corps of Engineers would be required if the building were to

extend beyond the pier and into the river.

Gehry also designed the \$100 million museum that the Guggenheim opened a year ago in Bilbao, Spain. The museum, with its rakish silhouette, sweeping curves and titanium skin, has attracted more than 1.4 million visitors and millions of dollars in the last year to the old Basque riverfront city.

The proposed new museum in Manhattan could cost four times as much, with some prospective donors already offering support, people at the museum said. It would allow the Guggenheim to exhibit more of its permanent holdings of modern art as well as new collections and to expand its programming, greatly, beefing up areas like photography, architecture and video.

Gehry and Thomas Krens, the Guggenheim's director, declined to discuss the project this week. Other officials at the museum said it was simply an idea in the early stages of development. Gehry, however, has already produced architectural drawings for the building.

The museum has also assembled figures on the project's economic benefits, contending that in the first two years of operation, the new museum

would generate \$1 billion in tax revenues, extra tourism and employment for the city and state.

City and state officials said they had not yet been consulted, although Krens was said to have held a discussion about it last summer with Governor George Pataki. Zenia Mucha, a spokeswoman for the governor, did not respond to calls about the matter.

Pier 40 is, at nearly 15 acres (6 hectares), the largest pier jutting into the Hudson on Manhattan's West Side, sitting amid the new five-mile Hudson River Park established by the state legislature. Work on the 500-acre park, which runs from Battery Park City to 59th Street, has just begun and is scheduled to last until 2003. Pier 40, on state-owned land, is now occupied by a three-story garage, which also has soccer fields on the roof and some areas for community use inside.

It is not yet clear how the museum would fit into the lengthy sliver park and the anticipated commercial development planned for as many as 19 renovated piers within the park area. Community leaders questioned about the plan said that it was the first they had heard of it and that they would not want the museum to supplant or dominate an important segment of the park.

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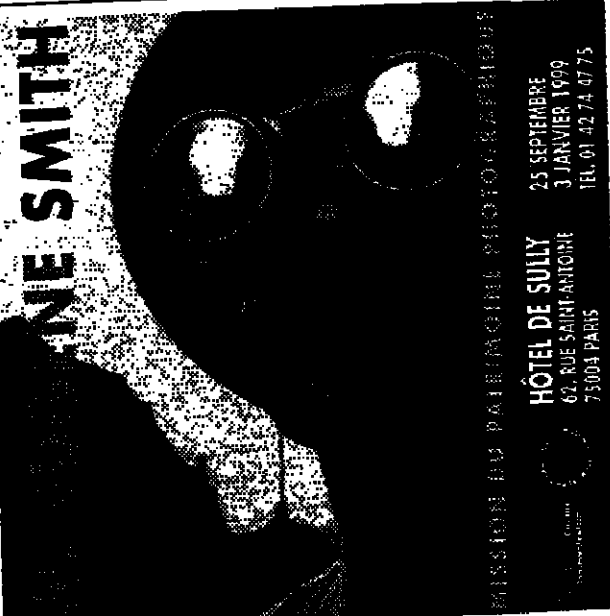
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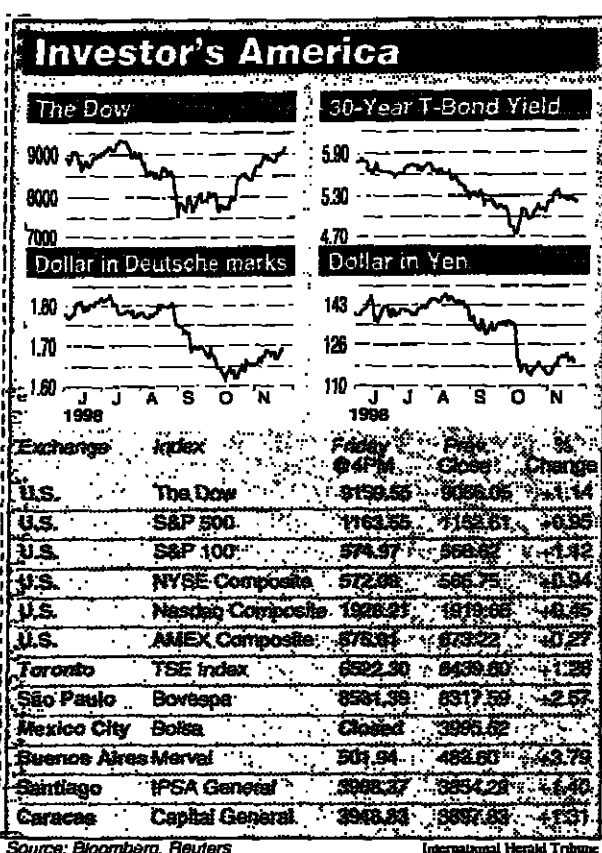
The 2,600 most traded stocks of the day.
Intraday prices not reflecting late trades elsewhere.
The Associated Press.

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Very briefly:

- Federal Reserve Board policymakers, when they met Sept. 29, readily agreed that they needed to cut interest rates to cushion the impact of financial market turmoil on the U.S. economy. But in the first of three cuts this year, they sought to avoid creating "an exaggerated impression" of the economic risks ahead, according to minutes of the meeting.
- Hayes Lemmerz International Inc., a maker of wheels and brake parts, is acquiring CMI International Inc., a privately held auto-components supplier, in a deal worth \$605 million.
- Continental Airlines Inc. bought 10 767-200 long-haul airplanes from Boeing Co. for its European and South American routes in an order worth as much as \$930 million.
- Volkswagen AG's Brazilian unit is extending temporary layoffs of 12,000 workers by two weeks, to Jan. 11, according to a newspaper report. The company also announced a voluntary buyout program that aims to cut at least 1,200 jobs.
- Dow Chemical Co. is leaving magnesium production and closing its Freeport, Texas, plant.

FedEx Pilots Delay Strike Vote

MEMPHIS, Tennessee — Leaders of the pilots union at Federal Express Corp. agreed Friday not to call a strike during the busy holiday season and offered to resume contract talks based on the company's last offer.

A union spokesman said that a strike would do too much damage to the No. 1 overnight-delivery company, which is owned by FedEx Corp. The union will delay a count of strike ballots set for Dec. 3, tell its 3,300 members to resume working overtime and take no other job actions for 60 days.

The union's move followed a letter from FedEx's chairman, Frederick Smith, vowing to keep running the business without the pilots. But he said strike preparation had cost too much and that the company's last offer was "no longer valid."

Mark Falls Amid Signs Of Rate Cut

NEW YORK — The dollar rose against the Deutsche mark Friday after a bigger-than-expected decline in German producer prices suggested to some traders that European interest rates might fall after the adoption of the single currency next year.

Interest rate differentials are starting to swing back in favor of the dollar, said Robert Katz, a currency trader at MTB Bank.

The dollar also rose against the yen after Finance Minister Kiichi Miyazawa of Japan ruled out an

FOREIGN EXCHANGE

immediate reduction in the national sales tax, even though many economists say such a cut would help lift Japan from recession.

Miyazawa threw some cold water on hopes for a tax cut, said David Factor, senior trader at American Express Bank. "A reduction in the consumption tax would be positive for the yen" because it would encourage consumers to spend more, he said.

In 4 P.M. New York trading, the dollar climbed to 120.380 yen from 119.935 yen Thursday. It rose to 1.6924 DM from 1.6869 DM.

Mr. Miyazawa's remarks came a day after Prime Minister Keizo Obuchi announced a plan to form a coalition with the Liberal Party, Japan's third-largest opposition party. Mr. Obuchi had said the coalition would review the 5 percent sales tax and consider a Liberal Party proposal to cut income taxes by 10 billion yen (\$83.61 billion) instead of the 4 trillion yen in the government's current package.

Japan raised its sales tax from 3 percent in April 1997, plunging the economy into a recession just as it had appeared to be picking up steam.

In Germany, producer prices fell an annualized 1.2 percent in October. The report, along with one Thursday showing weaker-than-expected business confidence in Western Germany, suggests that the European Central Bank may cut short-term interest rates early next year, traders said. But so far, European central bankers have not indicated that such a cut is in the offing.

The dollar rose to 5.6755 French francs from 5.6588 francs and to 1.3935 Swiss francs from 1.3881 francs. The pound slipped to \$1.6565 from \$1.6668.

Financial Shares Help Blue Chips Sustain Rally

Compiled by Our Staff From Dispatches

NEW YORK — Blue-chip stocks led the broader market higher Friday as financial shares rose on expectations that lower U.S. interest rates will stimulate corporate profits.

At the close, the Dow Jones industrial average was up 103.50 points at 9,159.55 and the Standard & Poor's 500 index was up 10.94 at 1,163.55. Advancing issues outnumbered declining ones by 4-to-3 ratio on the New York Stock Exchange.

The Federal Reserve Board's decision this week to cut the benchmark U.S. lending rate, the federal funds rate, for the third time in two months, continues to give life to a rally that has seen stocks climb back to within hailing distance of their record highs.

"Six weeks ago, no one would

have dreamed we would have come back so fast," said Alfred Kugel, senior investment strategist at Stein Roe & Farnham Inc. "The real

U.S. STOCKS

changes are that the authorities in all parts of the world are taking steps to head off the worst fears that people had of a global deflationary recession."

Merrill Lynch rose 34 to 71 on expectations that brokerage firms' profits will be lifted by the rebounding markets. Bankers Trust was up 5 1/4 at 77 1/4 and Bear Stearns was up 2 1/2 at 38 1/2. American Express rose 2 1/4 to 104 1/4. J.P. Morgan rose 3 1/2 to 109 1/2.

Gains in the Nasdaq composite index were subdued — it closed up

8.53 points at 1,828.23 — as selling driven by concern about slowing sales at a computer software company offset continuing gains in Internet stocks.

REA Systems, a maker of so-called middleware, programs that link transactions within company databases in far-flung sites and computers, tumbled 13 1/16 to 13 5/16 after it surprised investors in Asia and elsewhere had cut orders.

"It's not an issue of losing to competition; companies just aren't willing to sign the checks," said Sophia Chiang, an analyst at Goldman Sachs & Co.

But other technology stocks continued their rally. Amazon.com, the on-line book retailer, which has

soared all week, continued its rise after announcing a 3-for-1 stock split, the second split this year. It was up 27 1/4 at 180 1/4.

Shares of the latest Internet company to go public — Computer Literacy, which delivers computer training materials on-line — also soared in their first day of trading. The shares rose 9 15/16 from their offering price of 10. The 3-million share initial offering was revived early this week after having been delayed in October because of unfavorable market conditions.

The prices of Treasury securities rose, too, with the benchmark 30-year bond closing up 10 3/32 point to 100 17/32. The yield fell to 5.21 percent from 5.24 percent Thursday. (Bloomberg, Reuters)

Judge Rejects Microsoft Complaint on Video

The Associated Press

WASHINGTON — Government attorneys have complained that the Microsoft Corp. chairman, Bill Gates, has been evasive, answering with "I don't know" and long pauses throughout his videotaped deposition in the antitrust case against the software company.

A federal judge seems to agree. "I think it's evident to every spectator that, for whatever reasons, in many respects, Mr. Gates has not been particularly responsive to his deposition interrogation," U.S. District Judge Thomas Penfield Jackson said in a meeting Thursday with attorneys involved in the antitrust trial.

Microsoft lawyers had requested the meeting to voice a complaint of their own: that Justice Department attorneys were playing brief excerpts of Mr. Gates' testimony, culled from 20 hours of questioning over a three-day period last summer, rather than a single, long clip.

According to a transcript, the Microsoft attorney, John Warden, contended that the government was using the video "for the purpose of an audience outside the courtroom and for the purpose of creating news stories day after day."

But Judge Jackson disagreed. "If anything, I think the problem is with your witness, not with the way in which his testimony is being presented," he told Mr. Warden.

Mr. Gates is not among the 24 witnesses scheduled to testify in the trial. The court has allowed parts of his taped testimony into evidence.

Microsoft's complaints over the tape mirrored those lodged by Mr. Gates in a telephone interview Wed-

nesday. He said playing the video during the trial was "more about government PR than the substance of the case."

But a Justice Department attorney, David Boies, said the government had "an absolute right" to show the video excerpts.

"Mr. Gates is the person who, except in this lawsuit, is recognized throughout the company and by himself as an intimate, hands-on manager," Mr. Boies said. "Everybody in the company, including himself,

talks about what a hands-on manager he is and how great his memory is. And what you find is this astonishing lack of recall limited to issues of critical relevance to this case."

Judge Jackson, who is hearing the case without a jury, said he found the government's piecemeal use of the video proper. "I find it very effective," he said, adding, "I do not find that this represents abuse of the legal system in any respect."

In testimony Thursday, a government witness said that Microsoft

had used its dominance in computer software to hurt competitors.

Under cross-examination, Frederick Warren-Boulton, who was chief economist for the Justice Department's antitrust division in the administration of Ronald Reagan, said that Microsoft held monopoly power because it had the ability to set prices for its products in a way that excluded competitors.

"I believe Microsoft has raised prices over the competitive level" because of its lack of rivals, he said.

Microsoft Broke Japan's Fair Trade Laws

The Associated Press

TOKYO — Japan's Fair Trade Commission has ruled that Microsoft Corp. violated the country's anti-monopoly laws by promoting software in a way that put competitors at a disadvantage, the commission said Friday.

The trade watchdog issued a warning to Microsoft and its Japanese subsidiary against engaging in unfair business practices following an investigation that began in January.

The commission said Microsoft attempted to unfairly restrict competitors' access to the market by bundling pre-installed word-processing and spreadsheet software, said Kanichiro Nakamishi, a commission spokesman.

Microsoft Co., the wholly owned Japanese subsidiary of Microsoft Corp., issued a statement in Tokyo Friday saying it had already voluntarily stopped the practices cited by the commission and did not ant-

icipate having to make any additional changes in its marketing activities in Japan.

The admonition came as the software giant based in Redmond, Washington, faces antitrust allegations in a high-profile case in the United States. The Japanese ruling has no bearing on the U.S. case.

Makoto Naruke, the president of Microsoft Japan, said in the statement that he welcomed the end of the commission's investigation and was confident that his company had acted in accordance with the law.

A company official speaking on condition of anonymity said Microsoft did not plan to formally protest the ruling.

Brad Smith, general counsel for international affairs at Microsoft's headquarters, said that in a way the ruling was positive for the company because the commission decided not to pursue separate allegations involving dominance over Internet services. Similar allegations are

central to the Justice Department's case against Microsoft.

Microsoft had contracts in Japan where companies offering Internet access were promoted via a list linked to its Windows software. In return, these service providers had agreed to promote Microsoft's Internet Explorer browser.

Those contracts were criticized for being discriminatory, and Microsoft modified them earlier this year, the Microsoft lawyer said.

In January, agents from the commission raided Microsoft's Tokyo offices, confiscating information about Microsoft's Windows operating system and Internet Explorer browser software.

It also collected information about Microsoft's word processing program Word and spreadsheet Excel.

Microsoft's Windows operating software controls the basic functions of 85 percent of the world's personal computers.

U. S. STOCK MARKET DIARY

Indexes

Index	High	Low	Close	Change
Dow Jones	9159.55	9159.06	9164.14	+4.58
S&P 500	1163.55	1162.51	1163.55	+0.04
S&P 100	574.57	574.00	574.57	+0.57
NVSE Composite	572.05	571.75	572.05	+0.30
Nasdaq Composite	1828.23	1827.08	1828.23	+1.15
AMEX Composite	575.31	575.22	575.31	+0.09

Most Active

Index	High	Low	Close	Change
Industrials	1380.38	1364.99	1376.82	+11.83
Technology	1457.74	1437.14	1453.33	+16.19
Finance	125.38	124.68	125.23	+0.55
Health Care	115.01	114.11	115.01	+0.90
SP 100	574.57	574.00	574.57	+0.57

Standard & Poor's

Index	High	Low	Close	Change
Industrials	1380.38	1364.99	1376.82	+11.83
Technology	1457.74	1437.14	1453.33	+16.19
Finance	125.38	124.68	125.23	+0.55
Health Care	115.01	114.11	115.01	+0.90
SP 100	574.57	574.00	574.57	+0.57

NYSE

Index	High	Low	Close	Change
Composite	575.31	575.22	575.31	+0.09
Financial	575.31	575.22	575.31	+0.09
Industrial	575.31	575.22	575.31	+0.09
Technology	575.31	575.22	575.31	+0.09
Health Care	575.31	575.22	575.31	+0.09

Nasdaq

Index	High	Low	Close	Change
Composite	1828.23	1827.08	1828.23	+1.15
Financial	1828.23	1827.08	1828.23	+1.15
Industrial	1828.23	1827.08	1828.23	+1.15
Technology	1828.23	1827.08	1828.23	+1.15
Health Care	1828.23	1827.08	1828.23	+1.15

AMEX

Index	High	Low	Close	Change
Composite	575.31	575.22	575.31	+0.09
Financial	575.31	575.22	575.31	+0.09
Industrial	575.31	575.22	575.31	+0.09
Technology	575.31	575.22	575.31	+0.09
Health Care	575.31	575.22	575.31	+0.09

Dow Jones Bond

Index	High	Low	Close	Change
20 Bonds	104.30	104.20	104.30	+0.00
10 Utilities	104.30	104.20	104.30	+0.00
10 Industrials	104.30	104.20	104.30	+0.00

Trading Activity

Index	High	Low	Close	Change
NYSE	175.15	175.15	175.15	+0.00
Nasdaq	175.15	175.15	175.15	+0.00
AMEX	175.15	175.15	175.15	+0.00

Market Sales

Index	High	Low	Close	Change
NYSE	175.15	175.15	175.15	+0.00
Nasdaq	175.15	175.15	175.15	+0.00
AMEX	175.15	175.15	175.15	+0.00

Dividends

Index	High	Low	Close	Change
NYSE	175.15	175.15	175.15	+0.00
Nasdaq	175.15	175.15	175.15	+0.00
AMEX	175.15	175.15	175.15	+0.00

STOCK SPLIT

Index	High	Low	Close	Change
NYSE	175.15	175.15	175.15	+0.00
Nasdaq	175.15	175.15	175.15	+0.00
AMEX	175.15	175.15	175.15	+0.00

U.S. Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stock only. Unless otherwise noted, prices of dividends are annual dividends based on the latest declaration.

a - dividend on stock (a) - a - annual rate of dividend plus stock dividend, b - liquidating dividend, c - preferred dividend, d - cash dividend, e - stock dividend, f - stock dividend, g - dividend in Canadian funds, subject to 10% non-residence tax, h - dividend declared after split or stock dividend, i - dividend paid this year, unless deferred, or no action taken or latest dividend meeting, j - dividend declared or paid this year, on accumulative issue with dividends in arrears, k - annual rate, reduced on last declaration, l - new issue at the past 52 weeks, the high-low range begins with the start of trading, m - most day delivery, n - no dividend, o - rate unknown, P/E - price-earnings ratio, q - closed-end mutual fund, r - dividend declared or paid in preceding 12 months, plus stock dividend, s - stock split, dividend begins with date of split, t - sales, i - dividend paid in stock in preceding 12 months, activated cash value on ex-dividend or ex-dividend date, u - new yearly high, v - trading bid, w - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, x - warrants issued by such companies, y - when distributed, z - when issued new, with warrants, z - ex-dividend or ex-dividend, z - price-earnings ratio, aa - without warrants, ab - ex-dividend and sales in full, y - yield, z - sales in full.

INTERNATIONAL FUTURES

High Low Lastest Chge Opt

	High	Low	Latest	Chgs	Options													
ORANGE JUICE (COT)						10-YEAR FRENCH GOV. BONDS (MATF)						Dec 99	96.05	96.40	96.40	-0.03	48.57	
15.000 lbs. - Grade per lb.						FF500.000 - 110 of 100 pct						Mar 00	96.05	96.50	96.50	-0.10	54.94	
Jan 99						117.40	116.60	116.95	-0.20	72.57	Dec 96	110.25	109.94	110.00	-0.07	88.49		
Mar 99						119.75	119.70	119.40	-0.25	65.57								
May 99						121.60	121.40	121.40	-0.20	1.40								
Jul 99						121.60	121.40	121.35	-0.25	1.04								
CORN (C&O)												Est. settles: 43.57						
5,000 bu minimum - cents per bushel												Open int: 57.5						
												Est. settles: 11.008						Prior. index: 21.581
												Prev. open int: 699.032						off 1.660

EUROPE

U.S. Investor Takes On the Taittinger Family Russia Can't Pay Back Soviet Debt

PARIS—Aster Edelman, a U.S. investor, asked a Paris court Friday to look into the pay and perks that Societe du Louvre SA, a French hotel operator, gives the Taittinger Champagne family, which also controls the hotel company.

The 58-year-old investor, who owns 12.5 percent of Societe du Louvre, wants a court audit of salaries and company property provided to the Taittingers. He also wants investigations of such transactions as a loan to Euro Disney SCA in the same year that the chief executive of Societe du Louvre held a top post at the theme park, according to court documents.

"All these questions are aimed at shedding light on the management of Societe du Louvre," the documents say, adding that it appeared that the management favored "the interests of the majority family group and certain of its members."

Mr. Edelman has tried three times to buy Societe du Louvre, which owns the Chillon hotel in Paris and makes Baccarat crystal. Analysts say the company, whose earnings more than doubled to 155 million francs (\$27.6 million) last year, is a prime takeover target.

"This is a fast-growing company that works well," said Patrick Le-

grand, a Paris-based fund manager at International Capital Gestion.

Societe du Louvre management declined to comment on Mr. Edelman's request for a judicial auditor. But the Taittingers, who control 54.5 percent of Societe du Louvre's voting rights through the Champagne company bearing their name, have said they are not interested in Mr. Edelman's overtures and do not want to sell.

The Paris commercial court confirmed that the documents were on file and that a hearing would be held next week. "We, the minority shareholders, have an excellent case and believe the courts will treat us fairly," Mr. Edelman said.

According to the documents, Mr. Edelman took court action after receiving unsatisfactory answers to questions asked at Societe du Louvre's June 2 shareholders meeting. While Societe du Louvre would not comment on the questions in Mr. Edelman's court filing, at the shareholders' meeting, the new chief executive, Anne-Claire Taittinger, denied one of his claims: that management was taking advantage of its position by using company apartments. She said only one member of the family, who is a manager, was benefiting from a company apartment, a perk that is also extended to nonfamily managers.

Russia Can't Pay Back Soviet Debt

By David Hoffman
Washington Post Service

MOSCOW — The Russian government formally confirmed Friday that it cannot pay back its obligations to foreign creditors, despite the earlier promise of Prime Minister Yevgeny Primakov that Russia would honor all its debts.

Deputy Finance Minister Mikhail Kasyanov, in remarks that confirmed what Western and Russian analysts have been saying for weeks, announced that Russia will not be able to pay more than \$10 billion of the \$17 billion in debt coming due on overseas borrowing next year.

Mr. Kasyanov told Reuters Television that Russia would seek relief next week on hundreds of millions of dollars in loans that were taken out by the former Soviet Union.

The debt was repackaged and assumed by Russia in agreements with the London Club of commercial creditors and Paris Club of sovereign creditors.

Russia owes the London Club creditors about \$1.1 billion next year, and owes the Paris Club and others about \$6.1 billion.

The debt, which stems from the Soviet era, is only part of Russia's overseas obligations. Mr. Kasyanov said Russia would continue to service in full the Eurobond and other debt taken on since the collapse of the Soviet Union. "It will be untouchable debt," he said.

Russia also must pay back \$4.6 billion to the International Monetary Fund next year. First Deputy Prime Minister Yuri Masluykov was reported by Interfax to be discussing with IMF officials a possible restructuring of this debt as well.

Meanwhile, Russia reportedly has reached a tentative agreement with private creditors, primarily banks, who held Russia's domestic debt, mostly short and medium-term ruble-denominated bonds.

Russia defaulted on the bonds at the time of the Aug. 17 devaluation of the ruble.

Russia has already missed payments on some of the Soviet-era debt and Mr. Kasyanov said talks may begin as soon as next week on formally restructuring it.

Schroeder Admits Mistakes, Putting Blame on Haste

BONN — Chancellor Gerhard Schroeder acknowledged Friday, at the end of a grim week for his Social Democrats, that he had made mistakes in his first days in government.

"Moving from opposition to government takes a certain time, and with self-criticism I would accept we have perhaps wanted too much too soon," he said on German television.

The center-left coalition of the Social Democrats and the Greens came under sharp criticism Friday as it introduced in Parliament legislation for new taxes on energy use. In the past week, economic institutes have panned Mr. Schroeder's policies, and even some political allies have expressed dismay over the coalition's early moves.

The so-called ecology tax plan would impose levies on fuel to fund cuts in high welfare charges on labor. But the plan suffered a setback as it emerged that the first of the taxes, which was to have been imposed in January, would be delayed until April. Opposition members pointed to the delay and exemptions for heavy industrial users of energy as examples of how Mr. Schroeder's programs were being derailed.

"His whole program for government is riddled with inconsistencies," said Carl-Ludwig Thiele, a Free Democratic Party deputy.

Privacy Guidelines Draw Criticism

By Robert O'Harrow Jr.
Washington Post Service

WASHINGTON — Legal and privacy experts are criticizing a series of guidelines proposed by the Commerce Department to help U.S. companies comply with new privacy regulations in Europe. The recommended guidelines are vague and could put American companies at risk, they say.

The agency made its proposal public last week and asked industry officials and others whether the guidelines would help U.S. businesses comply with the tough new privacy laws that took effect in 15 European Union member countries last month.

Under the EU laws, member countries must prohibit the transmission of names, addresses and other personal data to any country whose regulations fail to provide adequate data protection. European officials have said the United States probably does not meet those standards.

David Aaron, a U.S. undersecretary of commerce, defended his agency's guidelines, which are known as the "International Safe Harbor Privacy Principles." He said he would be releasing more details about them in the coming weeks that will address some concerns.

In developing its guidelines, Commerce officials hope to create a set of principles about data security, individual access to information, enforcement of the principles, and other matters that would help U.S. companies satisfy Europe's law, but still permit them to continue many of their current data-gathering and -sharing practices.

But critics say the proposal would be confusing for American businesses, and possibly leave companies open to legal action by European privacy authorities, even if they follow the Commerce guidelines.

"The guidelines may give American companies a false sense of security," said Joel Reidenberg, a law professor and privacy specialist at Fordham Law School.

David Aaron, a U.S. undersecretary of commerce, defended his agency's guidelines, which are known as the "International Safe Harbor Privacy Principles." He said he would be releasing more details about them in the coming weeks that will address some concerns.

BAe and Daimler Said to Discuss Joint Fighter

PARIS — British Aerospace PLC and DaimlerChrysler Aerospace AG of Germany are lining up a limited joint venture on fighter planes that would let them build jets without jeopardizing plans for a broader pan-European alliance, people close to the talks said Friday.

The slow pace of restructuring in the French aerospace industry has slowed progress toward a full merger into a borderless European military contractor. But the sources said France would accept a German-British linkup limited to fighter aircraft, giving it time to focus on its own domestic consolidation.

British Aerospace and DaimlerChrysler Aerospace could announce the warplane joint venture by early next year, according to an executive at a French defense company who declined to be identified.

BAe and DaimlerChrysler Aerospace have been reassured that any British-German linkup would not exclude France from joining a European alliance once it has completed its own reorganization. "There has been a relaxation of tension," he said.

France is planning to combine state-owned Aerospatiale and the Matra High Technology unit of Lagardere Group.

BAe and DaimlerChrysler Aerospace made sense, noting that both companies have interests in the Eurofighter jet program.

The French source said Paris had been reassured that any British-German linkup would not exclude France from joining a European alliance once it has completed its own reorganization. "There has been a relaxation of tension," he said.

France is planning to combine state-owned Aerospatiale and the Matra High Technology unit of Lagardere Group.

WORLD STOCK MARKETS

Friday, Nov. 20
Daily prices in local currencies.

High Low Close Prev.

Amsterdam
AEX 1500.00 1500.00 1500.00 1500.00

Frankfurt
DAX 3200.00 3200.00 3200.00 3200.00

London
FTSE 100 5000.00 5000.00 5000.00 5000.00

Paris
CAC 40 3500.00 3500.00 3500.00 3500.00

Stockholm
SIX 100.00 100.00 100.00 100.00

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OSEX 100.00 100.00 100.00 100.00

Stockholm
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Market Closed

The stock market in Mexico was closed Friday for a holiday.

High Low Close Prev.

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ASIA/PACIFIC

Japanese Banks Line Up to Tap Bailout Fund Cellular Arm

By Sheryl WuDunn
New York Times Service

TOKYO — After turning in meager half-year earnings, Japanese banks have begun to step up to request funds from the government's \$500-billion bank bailout fund to strengthen their weak capital bases.

So far, most of the banks have said they would ask for sums of \$2.5 billion to \$3 billion. Collectively, the requests from nine major banks announced so far could reach 4.1 trillion yen (\$33.6 billion), which would easily exceed the \$16.7 billion drawn down by banks under a failed bailout scheme carried out earlier this year.

Still, with a recessionary economy, a nationwide credit squeeze, and a mountain of at least \$650 billion in bad debt, there are enormous pressures on financial institutions.

Many of them are scaling back their overseas operations, cutting down the number of branches and employees both at home and overseas and selling real estate holdings and business units.

Though core business profits at a number of banks reporting earnings over the past two days rose modestly in the first half, at least seven major banks said that they were anticipating losses for the full financial year ending March 31. Several banks are using the profits from core operations to write off bad debts.

Sanwa Bank Ltd. threw down a gauntlet to other Japanese banks when it announced Thursday that it had applied a new stricter standard for evaluating bad debts. As a result of using this standard, which the government's Financial Supervisory Agency will require by the end of

this financial year, Sanwa's problem loans rose to 2.4 trillion yen, up 70 percent from the amount calculated under the old standard.

In order to set aside enough of a cushion to offset potential losses from write-offs of the bad loans, Sanwa said it would apply for about 600 billion yen in taxpayers' funds. The bank said it planned to report a consolidated loss of 250 billion yen for this financial year.

Sanwa is joining the rush by Japanese banks to exit overseas markets. In the next week it is expected to announce the sale of a large U.S. lending unit to Fleet Financial Group Inc. for about \$700 million, executives said Thursday. The sale price is significantly less than the \$2 billion that Sanwa originally sought for the unit, Sanwa Business Credit.

On Friday, Bank of Tokyo-Mitsubishi Ltd. and Fuji Bank Ltd. also

reported their bad loans under the new reporting standards. Fuji Bank said that it would post a consolidated net loss of 310 billion yen.

It said that problem loans were 1.4 trillion yen under its new disclosure standard, a surprising 50 percent drop from the figure calculated according to its previous method, and that it had a cushion of reserves equivalent to 68 percent of the newly disclosed problem loans.

Bank of Tokyo-Mitsubishi, which has indicated it does not plan to request public funds, said it expected to post a modest net income of 55 billion yen in the financial year.

Sumitomo Bank Ltd., which reported a modest first-half profit of 53.9 billion yen, projected a net consolidated loss for the financial year of 240 billion yen. Much of the losses are expected to stem from disposal of bad loans of about 800 billion yen.

Cellular Arm Pushes Up NTT's Profit

Bloomberg News

TOKYO — Nippon Telegraph & Telephone Corp., the largest telecommunications company in the world, said Friday that group net income in the fiscal first half rose 49 percent as profit soared in its cellular phone unit.

NTT reported profit of 264.9 billion yen (\$2.2 billion) for the six months ended Sept. 30. Sales grew to 4.71 trillion yen from 4.64 trillion yen.

Susumu Fukuzawa, NTT vice president, said an increase in profit at NTT Mobile Communications Network Inc., or DoCoMo, the dominant cellular phone operator in Japan, more than compensated for a decline in NTT's core operations.

Over the past week, NTT's main rivals, DDI Corp. and Japan Telecom Corp., have announced earnings declines from conventional phone services.

DoCoMo said Wednesday that its group net income for the six months more than doubled, to 154 billion yen, as the number of users rose sharply. The company controls 57 percent of Japan's cellular phone market with 37 million users. It expanded subscribers by 15.5 percent in the first half, slightly less than the overall industry growth rate of 16 percent.

NTT said that its rate cuts in February lopped 40 billion yen off the parent revenue in the half year ending Sept. 30. NTT cut the rate for a three-minute daytime phone call to 90 yen from 110 yen.

The number of subscribers of conventional phone services dropped 2.6 percent, to 59.642 million.

NTT, Japan's former domestic telephone monopoly, reduced its stake in DoCoMo to 67.1 percent from 96.6 percent in an initial public stock offering in October that raised 2.13 trillion yen.

In turn, the government confirmed Friday that it would sell as many as 1 million shares in NTT between Dec. 14 and Dec. 16 to help pay for a government plan to write off bad loans plaguing the banking industry.

The government, which owns 65.5 percent of NTT, said it would decide the initial sales price and the exact number of shares to be sold between Dec. 11 and Dec. 15.

At Friday's closing price of 929,000 yen, up 31,000 yen, the sale would raise more than 900 billion yen (\$7.5 billion).

CLINTON: No Progress in Japan

Continued from Page 1

day a \$195-billion package of spending and tax cuts to increase investment and consumer demand. The markets slumped at the announcement, and in a meeting Friday with private economists here the most optimistic forecast for the Japanese economy heard by Clinton advisers was that it would shrink by only one percent next year.

Standing with Mr. Clinton, Mr. Obuchi predicted "positive growth" next year. But Lawrence Summers, the deputy U.S. Treasury secretary, offered a dimmer view. "The recognition that there is a risk of slow or negative growth is why there's a view that it may be necessary over time to do more," he said.

Friday morning, Mr. Clinton suggested that a surge in imports to the United States of certain types of Japanese steel may be due to illegal trade practices. He raised the issues in meetings with Mr. Obuchi in the afternoon, but received no specific assurances from Mr. Obuchi that he would address the matter, Mr. Summers said.

Still, Mr. Summers said that Mr. Clinton's concerns over "very clearly heard" and that the Japanese showed an "awareness of the importance of making sure that trade is by the rules in steel and other sectors."

In an unusually blunt speech to the American Chamber of Commerce, Mr. Clinton warned of the possibility of "retaliatory protectionism," saying that protectionist sentiment could rise in the United States if its trade deficit continued to

grow while Japan resisted opening its markets.

Japan has frustrated the Clinton administration's hopes to liberalize trade this year in nine specific economic sectors, including timber and fishing. The president said Friday that he now hoped to achieve that goal in 1999.

On North Korea, Mr. Clinton admitted to a degree of bafflement.

The Clinton administration, which has been criticized in the region as letting its policy on North Korea drift, is worried that North Korea may be preparing to build a nuclear weapons plant at a vast new underground site, in violation of a 1994 agreement.

The United States wants to inspect the site, but the North Koreans informed an American representative this week that they would grant such an inspection only in exchange for hundreds of millions of dollars.

Mr. Clinton called such conditions "completely unacceptable." He said that North Korea's intentions remained mysterious, adding that it was unclear whether "they're attempting to get more money out of various countries for doing what they ought to be doing anyway or whether they really are moving toward a more hostile posture."

From Tokyo, Mr. Clinton flew for a two-day visit to South Korea, where he will meet with South Korean leaders and visit U.S. troops.

From there, Mr. Clinton plans to return to Washington on Monday.



President Bill Clinton greeting some Japanese in the Ginza district of Tokyo on Friday, the final day of his two-day visit. He later ate at a tempura restaurant in the central part of town.

Nikko Cutting Staff and Operations

Bloomberg News

TOKYO — Nikko Securities Co., the third-biggest brokerage in Japan, said Friday that it would fire 2,000 of its 8,500 employees in Japan and effectively withdraw from overseas markets, reporting that it expected big losses in its investment portfolio.

Nikko, which is part-owned by Citigroup, the largest U.S. financial services company, said it expected to lose more than \$1 billion on real estate and stock investments that have turned sour and in

writing off loans to affiliates. As part of the restructuring, Nikko will also convert most of its branches overseas into research offices. That will cost \$30 more jobs.

Battered by deregulation of stock trading commissions and a slumping domestic stock market, Nikko reported a group net loss of 37.67 billion yen (\$3.1 billion) for the half-year that ended Sept. 30.

The company said the restructuring could save it about 80 billion yen and return it to profitability by March 2000.

Thai Police Plan Anti-Suicide Unit

Agence France-Press

BANGKOK — Thailand will set up a task force in an effort to stem the alarming number of suicides caused by the economic crisis, the police said Friday.

An official of the national police, Lt. Gen. Sudyod, said the squad would respond to emergencies involving suicidal people, using psychiatric counselors to try to talk them out of taking their lives.

"We have no agency to directly deal with suicide cases," he said. "With this unit, we agreed that there is a clear-cut plan to deal with suicide."

About 560 people are known to have killed themselves here since the economic crisis began in July 1997. Although no comparative figures are available, many social analysts say suicides have risen sharply along with unemployment amid a major economic slowdown.

The police have been criticized recently for failing to deal with suicide situations appropriately. News media have reported heavily this month on a rash of cases in which people have stood on rooftops threatening to jump to their deaths. A woman died this month when a volunteer rescue worker lunged at her while she stood on a rooftop.

TOYOTA: Carmaker Dips Into Reserves to Fund Disparate Investment Strategy

Continued from Page 11

But there have been some notable gaffes outside the automotive business, in prefabricated housing and in a long-distance telephone company. Toyota has given only the broadest description of the plans for its latest investments, leaving some investors to question the company's motives.

The conventional wisdom is that Toyota hopes to create a financial-services empire à la General Motors Acceptance Corp., the arm of GM that extends well past financing car purchases, or General Electric Co.'s profitable powerhouse, GE Capital.

"When you hear that Toyota is buying a stake in an insurance company or a mobile-telephone operator, it sounds astounding," Iwao Okijima, executive vice president in charge of financial matters, said recently. "But please understand that the majority of Toyota's investments are in car-related businesses."

Toyota is now expanding its auto-financing business all over the world. Please regard it as part of our auto business from now on."

Still, the company's plans for a financial-services business seem to lack a road map. How does a securities firm like Tokai, in which Toyota has a 10 percent stake, fit in? What is the potential in Chiyoda? What does a commercial bank have to do with the auto business? How do they all fit together and complement the auto business?

"The strategy is difficult to understand at the moment," said Takaki Nakanishi, an auto analyst with Merrill Lynch & Co. in Tokyo.

"It could be a great opportunity, but what we need is a specific strategy, presented in terms of how much they will spend and where they are headed with it."

This confusion over Toyota's strategy has led some investors to wonder whether there is another, perhaps unconscious, agenda behind the company's interest in the financial-services business: using its shareholders' money to support troubled related companies and in the process preserving a system of keeping with trends in the global economy.

Many Japanese companies are clustered in loose alliances around a bank or trading company. These groupings, known as *keiretsu*, form a symbiotic relationship based on mutual shareholdings, debts and other obligations. The system is slowly coming unraveled as the financial crisis here forces Japanese banks and companies to unload their mutual shareholdings and turn to the global capital markets for financing.

But Toyota, with its pristine balance sheet, appears to be bucking the trend. The company is already part of the *keiretsu* centered on the trading giant *Mitsui & Co.* — as are Chiyoda, Daihatsu, Sakura and Hino Motors Ltd., a beleaguered truck manufacturer in which Toyota is considering raising its stake.

While *Mitsui* Group is slowly loosening the ties that bind it,

Toyota is increasing its relationships with certain group companies. The way some investors see it, Toyota is using their money to prop up its ailing corporate cousins.

Toyota's purchase in September of a majority interest in Daihatsu, the financially pressed small-vehicle manufacturer in which Toyota has long had a stake, made good sense. It ensured that Daihatsu stayed out of reach of competitors and offered benefits from shared costs of development, procurement and design.

But some have questioned the motive behind its additional investment in Chiyoda, because investors know that a struggling life insurer that is also a *Mitsui* affiliate desperately needed to sell its Chiyoda shares and could not find a buyer until Toyota stepped forward. Its purchase bailed out the life insurer and bolstered Chiyoda, but its benefits to Toyota are unclear.

"It's all part of the cross-shareholding business," said Jay Woodworth, an independent auto analyst. "Toyota is putting equity into its longstanding relationships."

On the contrary, Mr. Okijima said, it's all part of the transformation away from the very conservative company outlined by Hiroshi Okuda — the first top executive in decades who was not a member of the company's founding Toyota family. One of the strategic goals Mr. Okuda announced when he became president in 1995 was to have "alternative" businesses ac-

count for as much as 10 percent of Toyota's sales by 2000.

Under Toyota's definition, many businesses seemingly unrelated to auto manufacturing are, in fact, keys to its future. Take software development and telecommunications. Its engineers foresee a day when a Toyota Corolla running on a fuel cell will virtually drive itself using an on-board computer navigation system, mobile-phone technology and satellites to guide it.

In the same way, the company has started using its ties to Chiyoda to create insurance products that are used as sales incentives. Analysts are particularly keen on the first joint Toyota-Chiyoda product, incentive insurance for buyers of Toyota cars that incorporate a new safety-enhancing body.

In other words, what may seem like disparate investments are central to Toyota's vision of the future.

"I believe that in the future, through these businesses, we'll assure the long-term success of Toyota Motor," Mr. Okijima said.

PROFIT: Toyota's Net Falls

Continued from Page 11

such as a paper loss on the company's securities portfolio and losses on stakes it holds in 62 companies on a nonconsolidated basis, led to a drop in bottom-line profit.

Iwao Okijima, executive vice president in charge of financial and administrative matters, warned that the company's mainstay car business would have difficulty matching its first-half performance in the second half of the financial year, which ends March 31. Toyota is predicting that car sales will slide 2.2 percent in the year, and that net income at the parent company will fall 26 percent. Analysts' outlooks are no rosier.

"We wouldn't expect profitability in the second half to be even as strong as in the first half," said Steve Usher, an analyst at Jardine Fleming Securities in Tokyo.

For one thing, the yen has been hovering around 120 to the dollar, while, according to Toyota, it could buy an average of 138 yen with every dollar it repatriated in the six months that ended Sept. 30. Toyota made its initial earnings projections based on an estimated average exchange rate of 125 yen to the dollar, so the weaker yen became a windfall.

Mr. Okijima said Toyota had embarked on a fundamental review of its operation with an eye toward cutting costs. Cost cuts gained the company \$33 million in operating income in the first half of the fiscal year.

—STEPHANIE STROM

Investor's Asia			
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225	
11000	1300	17000	
10000	1200	16000	
9000	1100	15000	
8000	1000	14000	
7000	900	13000	
6000	800	12000	
1998	1998	1998	
Exchange Index	Friday Close	Friday Close	% Change
Hong Kong	10,333.36	10,333.36	-0.78
Singapore	1,347.99	1,316.55	-2.38
Tokyo	14,778.94	14,364.46	-2.82
Korea Composite	451.55	453.59	+0.45
Bangkok SET	571.53	568.58	-0.52
Spain Composite Index	452.53	471.05	+4.09
Taipei Stock Market Index	7,388.53	7,300.34	-1.19
Manila PSE	1,841.59	1,819.04	-1.25
Indonesia Composite Index	303.55	302.12	-0.47
Wellington NZSE-40	1,976.23	1,969.28	-0.35
Bombay Sensitive Index	2,541.33	2,564.67	+0.92

Very briefly:

• Thailand said the International Monetary Fund had forecast that the country's economy would grow 3 percent to 4 percent next year after contracting sharply this year. Bangkok quoted the deputy director of the IMF's Asia-Pacific region, Anoop Singh, as saying that the Thai economy, hit by its worst crisis in decades, should bottom out by the end of 1998.

• Moody's Investors Service Inc. downgraded the credit ratings of Bank of Taiwan and nine other Taiwan banks, International Commercial Bank of China; Chiao Tung Bank Co.; Chang Hwa Commercial Bank Ltd.; First Commercial Bank; Hua Nan Commercial Bank Ltd.; United World Chinese Commercial Bank; Chinatrust Commercial Bank; Bank Sinopac and E. Sun Commercial Bank, by one to two notches. Moody's said the banks still retained investment-grade ratings.

• China Great Wall Industry Corp. will launch 17 foreign satellites in the near future after successfully sending nine into orbit this year, the China News Service reported.

• Mitsui O.S.K. Lines Ltd., Japan's second-largest shipper, will buy Navi Line Ltd. next April in a share swap worth 23.45 billion yen (\$196.1 million). The acquisition will make Mitsui Japan's largest shipper by tonnage ahead of Nippon Yusen KK.

• China suspended approval for new plants making standard mobile-telephone equipment because of surplus capacity in the industry. The freeze on investments in GSM equipment could reinforce the dominance in China of Ericsson AB and Nokia Oy, which expect China to become their biggest market this year.

• India will impose a dumping duty on certain steel products, such as hot-rolled coils, to protect domestic steel makers.

• Teledata Singapore Ltd., a telecommunications distributor, will appeal a decision that bars it from government contracts for the next two years.

• Singapore's finance minister said economic performance in the city-state should be better than expected next year, according to The Business Times newspaper. Previously, the government had predicted gross domestic product growth for 1999 somewhere between a 1 percent contraction and 1 percent expansion.

Reuters, Bloomberg, AP

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NASDAQ

Friday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
110.00	109.00	IBM	110.00	109.00	1,200,000	109.50	110.00
100.00	99.00	Microsoft	100.00	99.00	1,100,000	99.50	100.00
90.00	89.00	Apple	90.00	89.00	1,000,000	89.50	90.00
80.00	79.00	Amazon	80.00	79.00	900,000	79.50	80.00
70.00	69.00	Google	70.00	69.00	800,000	69.50	70.00
60.00	59.00	Yahoo	60.00	59.00	700,000	59.50	60.00
50.00	49.00	Oracle	50.00	49.00	600,000	49.50	50.00
40.00	39.00	Sun	40.00	39.00	500,000	39.50	40.00
30.00	29.00	Novell	30.00	29.00	400,000	29.50	30.00
20.00	19.00	Lotus	20.00	19.00	300,000	19.50	20.00

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
15.00	14.00	Intel	15.00	14.00	1,500,000	14.50	15.00
12.00	11.00	Motorola	12.00	11.00	1,400,000	11.50	12.00
10.00	9.00	Qualcomm	10.00	9.00	1,300,000	9.50	10.00
8.00	7.00	Verizon	8.00	7.00	1,200,000	7.50	8.00
7.00	6.00	AT&T	7.00	6.00	1,100,000	6.50	7.00
6.00	5.00	WorldCom	6.00	5.00	1,000,000	5.50	6.00
5.00	4.00	Earthlink	5.00	4.00	900,000	4.50	5.00
4.00	3.00	Comcast	4.00	3.00	800,000	3.50	4.00
3.00	2.00	Time Warner	3.00	2.00	700,000	2.50	3.00
2.00	1.00	News Corp	2.00	1.00	600,000	1.50	2.00

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
1.00	0.50	Ally	1.00	0.50	1,000,000	0.75	1.00
0.80	0.40	Bank of America	0.80	0.40	900,000	0.60	0.80
0.70	0.30	JP Morgan Chase	0.70	0.30	800,000	0.50	0.70
0.60	0.20	Wells Fargo	0.60	0.20	700,000	0.40	0.60
0.50	0.10	Citigroup	0.50	0.10	600,000	0.30	0.50
0.40	0.05	Capital One	0.40	0.05	500,000	0.25	0.40
0.30	0.02	Discover	0.30	0.02	400,000	0.20	0.30
0.20	0.01	MasterCard	0.20	0.01	300,000	0.15	0.20
0.10	0.00	Visa	0.10	0.00	200,000	0.10	0.10
0.05	0.00	Amex	0.05	0.00	100,000	0.05	0.05

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
1.50	1.00	Verizon	1.50	1.00	1,500,000	1.25	1.50
1.20	0.80	AT&T	1.20	0.80	1,400,000	1.00	1.20
1.00	0.60	WorldCom	1.00	0.60	1,300,000	0.80	1.00
0.80	0.40	Earthlink	0.80	0.40	1,200,000	0.60	0.80
0.60	0.20	Comcast	0.60	0.20	1,100,000	0.40	0.60
0.40	0.10	Time Warner	0.40	0.10	1,000,000	0.25	0.40
0.20	0.05	News Corp	0.20	0.05	900,000	0.15	0.20
0.10	0.02	Ally	0.10	0.02	800,000	0.08	0.10
0.05	0.01	Bank of America	0.05	0.01	700,000	0.04	0.05
0.02	0.00	JP Morgan Chase	0.02	0.00	600,000	0.02	0.02

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
1.00	0.50	Verizon	1.00	0.50	1,000,000	0.75	1.00
0.80	0.40	AT&T	0.80	0.40	900,000	0.60	0.80
0.60	0.20	WorldCom	0.60	0.20	800,000	0.40	0.60
0.40	0.10	Earthlink	0.40	0.10	700,000	0.25	0.40
0.20	0.05	Comcast	0.20	0.05	600,000	0.15	0.20
0.10	0.02	Time Warner	0.10	0.02	500,000	0.08	0.10
0.05	0.01	News Corp	0.05	0.01	400,000	0.04	0.05
0.02	0.00	Ally	0.02	0.00	300,000	0.02	0.02
0.01	0.00	Bank of America	0.01	0.00	200,000	0.01	0.01
0.00	0.00	JP Morgan Chase	0.00	0.00	100,000	0.00	0.00

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
1.00	0.50	Verizon	1.00	0.50	1,000,000	0.75	1.00
0.80	0.40	AT&T	0.80	0.40	900,000	0.60	0.80
0.60	0.20	WorldCom	0.60	0.20	800,000	0.40	0.60
0.40	0.10	Earthlink	0.40	0.10	700,000	0.25	0.40
0.20	0.05	Comcast	0.20	0.05	600,000	0.15	0.20
0.10	0.02	Time Warner	0.10	0.02	500,000	0.08	0.10
0.05	0.01	News Corp	0.05	0.01	400,000	0.04	0.05
0.02	0.00	Ally	0.02	0.00	300,000	0.02	0.02
0.01	0.00	Bank of America	0.01	0.00	200,000	0.01	0.01
0.00	0.00	JP Morgan Chase	0.00	0.00	100,000	0.00	0.00

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
110.00	109.00	IBM	110.00	109.00	1,200,000	109.50	110.00
100.00	99.00	Microsoft	100.00	99.00	1,100,000	99.50	100.00
90.00	89.00	Apple	90.00	89.00	1,000,000	89.50	90.00
80.00	79.00	Amazon	80.00	79.00	900,000	79.50	80.00
70.00	69.00	Google	70.00	69.00	800,000	69.50	70.00
60.00	59.00	Yahoo	60.00	59.00	700,000	59.50	60.00
50.00	49.00	Oracle	50.00	49.00	600,000	49.50	50.00
40.00	39.00	Sun	40.00	39.00	500,000	39.50	40.00
30.00	29.00	Novell	30.00	29.00	400,000	29.50	30.00
20.00	19.00	Lotus	20.00	19.00	300,000	19.50	20.00

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
15.00	14.00	Intel	15.00	14.00	1,500,000	14.50	15.00
12.00	11.00	Motorola	12.00	11.00	1,400,000	11.50	12.00
10.00	9.00	Qualcomm	10.00	9.00	1,300,000	9.50	10.00
8.00	7.00	Verizon	8.00	7.00	1,200,000	7.50	8.00
7.00	6.00	AT&T	7.00	6.00	1,100,000	6.50	7.00
6.00	5.00	WorldCom	6.00	5.00	1,000,000	5.50	6.00
5.00	4.00	Earthlink	5.00	4.00	900,000	4.50	5.00
4.00	3.00	Comcast	4.00	3.00	800,000	3.50	4.00
3.00	2.00	Time Warner	3.00	2.00	700,000	2.50	3.00
2.00	1.00	News Corp	2.00	1.00	600,000	1.50	2.00

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
1.00	0.50	Ally	1.00	0.50	1,000,000	0.75	1.00
0.80	0.40	Bank of America	0.80	0.40	900,000	0.60	0.80
0.70	0.30	JP Morgan Chase	0.70	0.30	800,000	0.50	0.70
0.60	0.20	Wells Fargo	0.60	0.20	700,000	0.40	0.60
0.50	0.10	Citigroup	0.50	0.10	600,000	0.30	0.50
0.40	0.05	Capital One	0.40	0.05	500,000	0.25	0.40
0.30	0.02	Discover	0.30	0.02	400,000	0.20	0.30
0.20	0.01	MasterCard	0.20	0.01	300,000	0.15	0.20
0.10	0.00	Visa	0.10	0.00	200,000	0.10	0.10
0.05	0.00	Amex	0.05	0.00	100,000	0.05	0.05

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
1.50	1.00	Verizon	1.50	1.00	1,500,000	1.25	1.50
1.20	0.80	AT&T	1.20	0.80	1,400,000	1.00	1.20
1.00	0.60	WorldCom	1.00	0.60	1,300,000	0.80	1.00
0.80	0.40	Earthlink	0.80	0.40	1,200,000	0.60	0.80
0.60	0.20	Comcast	0.60	0.20	1,100,000	0.40	0.60
0.40	0.10	Time Warner	0.40	0.10	1,000,000	0.25	0.40
0.20	0.05	News Corp	0.20	0.05	900,000	0.15	0.20
0.10	0.02	Ally	0.10	0.02	800,000	0.08	0.10
0.05	0.01	Bank of America	0.05	0.01	700,000	0.04	0.05
0.02	0.00	JP Morgan Chase	0.02	0.00	600,000	0.02	0.02

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
1.00	0.50	Verizon	1.00	0.50	1,000,000	0.75	1.00
0.80	0.40	AT&T	0.80	0.40	900,000	0.60	0.80
0.60	0.20	WorldCom	0.60	0.20	800,000	0.40	0.60
0.40	0.10	Earthlink	0.40	0.10	700,000	0.25	0.40
0.20	0.05	Comcast	0.20	0.05	600,000	0.15	0.20
0.10	0.02	Time Warner	0.10	0.02	500,000	0.08	0.10
0.05	0.01	News Corp	0.05	0.01	400,000	0.04	0.05
0.02	0.00	Ally	0.02	0.00	300,000	0.02	0.02
0.01	0.00	Bank of America	0.01	0.00	200,000	0.01	0.01
0.00	0.00	JP Morgan Chase	0.00	0.00	100,000	0.00	0.00

High	Low	Stock	Day's High	Day's Low	Volume	Open	Close
1.00	0.50	Verizon	1.00	0.50	1,000,000	0.75	1.00
0.80	0.40	AT&T	0.80	0.40	900,000	0.60	0.80
0.60	0.20	WorldCom	0.60	0.20	800,000	0.40	0.60
0.40	0.10	Earthlink	0.40	0.10	700,000	0.25	0.40
0.20	0.05	Comcast	0.20	0.05	600,000	0.15	0.20
0.10	0.02	Time Warner	0.10	0.02	500,000	0.08	0.10
0.05	0.01	News Corp	0.05	0.01	400,000	0.04	0.05
0.02	0.00	Ally	0.02	0.00	300,000	0.02	0.02
0.01	0.00	Bank of America	0.01	0.00	200,000	0.01	0.01
0.00	0.00	JP Morgan Chase	0.00	0.00	100,000	0.00	0.00

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To Pay or Not to Pay Fund Fees: Do Investors Get Their Money's Worth?

By Judith Rehak

ARE MUTUAL-FUND fees too high, too low, too confusing? What are investors getting in return? Such issues have been clouded by the prolonged bull market that has brought shareholders in equity funds hefty returns of 20 percent or more, making commissions and other charges seem a small price to pay.

But paying, say, a 5 percent commission on a more typical annual return of only 8 to 10 percent is a different story. That is an important point to consider right now, amid signs that the market is cooling after a rough third quarter for the \$5 trillion U.S. fund industry, when most equity funds lost money.

Besides performance, the guidance that theoretically comes with paying a commission or fee is also growing in importance, as investors, especially those planning for retirement, seek as much advice as they can get.

Yet roughly a third of the funds sold in the United States are no-load vehicles, sold directly to investors with no front- or back-end sales commissions.

On the load side, when funds are sold through brokers and financial advisers, the rule of thumb is as follows:

A, or front-load, shares are the least costly way to own a fund, provided the investor is long-term.

B, or back-load, shares are more likely to fit a five- to seven-year time frame.

C, or level-load, shares are for short-term investors who like to trade in and out of funds. (See "What's in a Name?" below.)

Other investors take their business to fee-only advisers, who recommend portfolios of no-load funds, often with other financial-planning advice. These advisers are paid not by a fund company, but by the client. Typically, the fee is equivalent to a percentage of the client's assets.

Not surprisingly, the array of options has left many investors at a loss as to whom they should pay, how they should pay, and for what.

To take a closer look at fund fees, and what they bring to the shareholder, The Money Report recently joined in a discussion with four officials in the American mutual-fund industry:

• Michael Laughlin, chairman of Alliance Fund Distributors, the marketing arm of Alliance Capital Management, a leading load-fund group;

• Richard Stevens, principal in charge of personal financial services at the Vanguard Group, a major no-load fund manager;

• Tom Miltenberger, a principal with Edward Jones, a brokerage group that sells funds of outsiders, and

• Lewis Altstet, a fee-only financial adviser.

"I think the investment markets have made it complicated for customers to know, 'Where should I be?' or, 'Should I be there at all?' which is part of advice," Mr. Miltenberger said. "And the pricing structures have made it complicated. So now, besides advice on investment suggestions, most people also need advice on how to pay."

In contrast to most brokerages that sell the full gamut of load funds, wrap accounts and allied products, the approach of Mr. Miltenberger's firm, Edward Jones, is fairly straightforward. It works only on a per-transaction basis, selling mostly A shares, which fit in with its philosophy of long-term investing as the least costly way to own a fund. The average holding period for a Jones client is an unusually long 20 years.

"A basic investment plan isn't nearly as complicated as people think it is," Mr. Miltenberger said. "It's much simpler to stay with that plan."

Noting that time is the most important thing in an investment program, he said, "We try to create an atmosphere to encourage the investor to stay with their plan."

"I think that what they're looking for is someone who understands their feelings, what their future needs are going to be, and they want a predictable recommendation from someone who has like feelings," he said. "They are happy to pay, but like any conservative business person, they want to know they're getting value."

On the other hand, B shares, or back-load shares, are more controversial. They have been criticized in the personal-finance press because, with no up-front sales charge, they are often accused of masquerading as no-load funds.

But Mr. Laughlin of Alliance, whose B shares account for a hefty 45 percent of annual sales, rose quickly to their defense, pointing out that investor psychology played an important role in their popularity.

"It's worth noting that B shares were developed in response to clients who said they didn't want to pay a front-end load on their investment," he said. "They would invest \$10,000 and when they got their first statement and their \$10,000 was worth only \$9,500, immediately they would get on the phone to their adviser and say, 'This is outrageous.'"

As Mr. Laughlin described it, an investor in a back-loaded fund is paying a "lease charge" for the asset or service, instead of paying up front. Why would anyone want to do that?

"Why do people prefer to rent homes or apartments, when you're much better off buying and paying up front and gaining equity?" Mr. Laughlin responded.

But Mr. Miltenberger was clearly less enthusiastic about back loads, especially the exit charge that B-share investors must pay if they sell out in the

early years. B shares "were set up to offer people who didn't want to pay a load up front, but there's a very high percentage of people in the industry, and investors as well, who forget those two last words, 'up front,'" he said. "It's a way to compete with a no-load — period."

Nevertheless, B shares clearly have made inroads with investors, even though their higher annual charges dampen performance.

"But that's not something you hide from a person," Mr. Laughlin said. "All investors have to do is look in the newspaper at the differences between A shares and B shares and see that they are going to give up 0.70 to 0.80 of a percentage point in performance."

So how does this relate to the fee-only advisers? This is a group that has enjoyed growing popularity in recent years, partly because many investors feel that brokers are likely to sell them a fund that earns them the highest commission, rather than one that is the most appropriate for them.

Mr. Altstet, a fee-only adviser who has run his own firm for 16 years, steers a middle course.

"First, I'd like to say there is nothing obscene about paying a load," he said. "But he recommends only no-load funds to his clients, usually combined with financial planning. Unlike a traditional broker, he earns no income from the companies whose funds he recommends."

"Our customers tend not to be do-it-yourselfers, but either want someone to help them do it, or do it for them," he said. "They're looking for a closer relationship than they would get in just selecting an investment manager."

For investors still trying to figure out where to go and how to pay, Mr. Altstet has some suggestions.

"What you want to do," he said, "is relate the cost of the service with the benefits of the service. If you have a broker that you feel is giving you value and service, and you pay for it in the

form of a commission, that's fine. But brokers need to make it apparent to customers that they are paying a commission and the amount of the commission."

"At that point," Mr. Altstet added, "you have the ability to determine if it is appropriate, or whether you would rather bypass the broker and go directly to a Vanguard, or hire a fee-only adviser and pay for ongoing management."

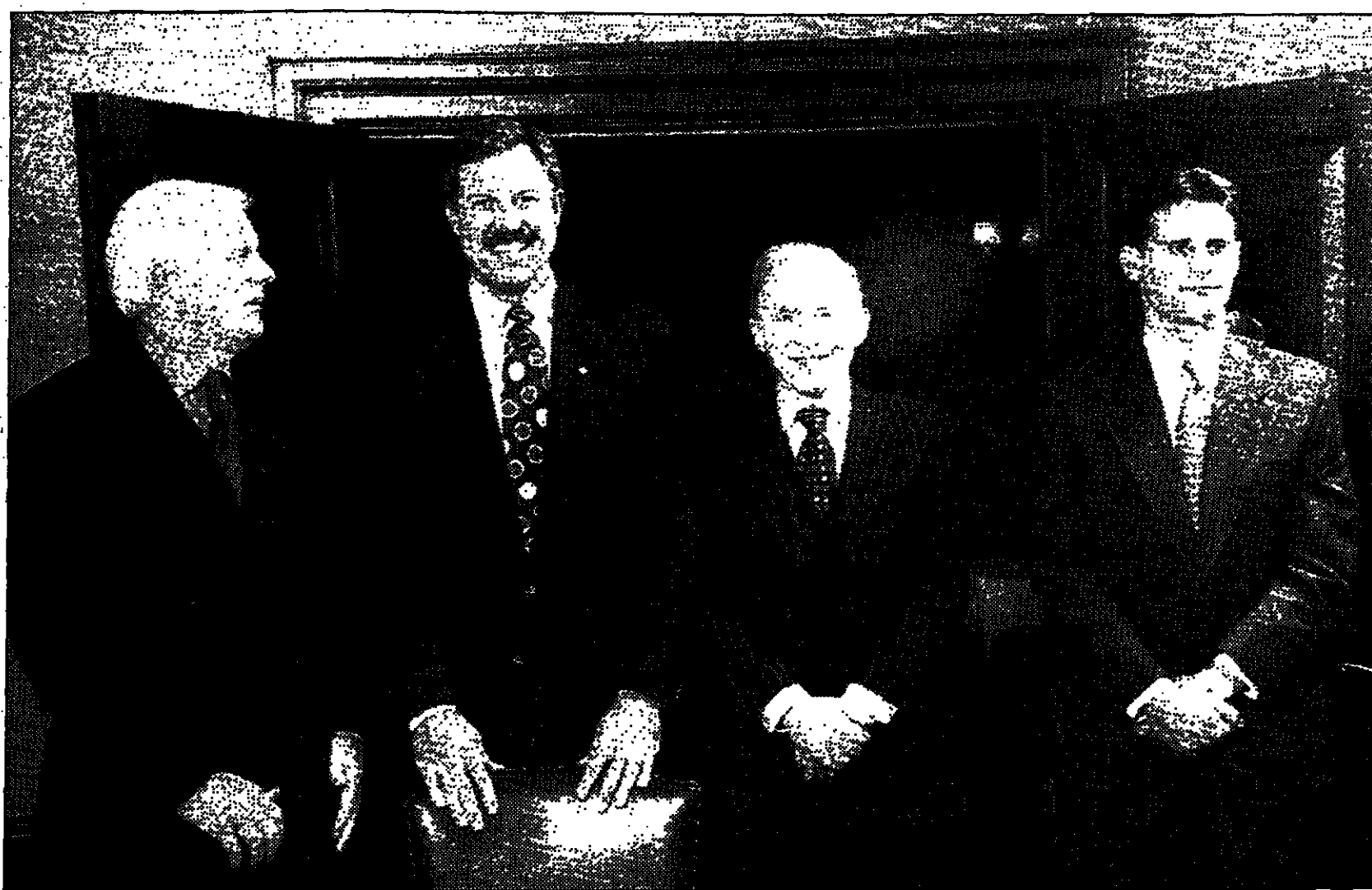
Indeed, Vanguard and other leading no-load fund managers still remain a bastion of fiercely independent no-load investors.

"Our investors are do-it-yourselfers looking for an organization they can trust for fairly conservative products

that perform well on an after-tax, after-cost basis," said Mr. Stevens of Vanguard. "They're not always happy to pay, and a lot of them are unhappy to pay just about anything."

Vanguard's chairman, John Bogle, is well known for his outspoken views that funds should not only be no-load, but assess the lowest possible annual fees, and Mr. Stevens sees no signs that the appeal of this approach is waning.

"We've built a \$400 billion business in 25 years on that presumption," he said.



The Money Report's panel of mutual-fund experts, left to right: Michael Laughlin, Tom Miltenberger, Lewis Altstet and Richard Stevens.

to basic questions, like, what do I do with my money, who should be the beneficiary of my Individual Retirement Account, and those sorts of questions."

"They don't want to pay for a fund, but they will pay for advice," he added.

Vanguard is still sticking to its low-cost ideals, Mr. Stevens said. Its services include trust, estate and investment planning, with asset-based fees for clients who require an ongoing relationship, but also one-time charges for clients who "want to know an answer, pay us once, and go away," he said.

"I think a lot of fee-only planners don't necessarily agree with our presumption of a one-time fee," Mr. Stevens added. "I bet a lot of them would say to a client, 'I'm telling you that you need to revisit this.' But we leave it to the client to determine that, and that's the difference."

The need for advice comes as growing numbers of investors find themselves dealing with ever-larger sums of money — a result of the U.S. bull market, which has produced substantial nest eggs accumulated in company pension plans.

It is not unknown for neophytes to suddenly find themselves with six-figure "rollovers" from a pension plan that they now must manage themselves for retirement.

"Even people who are investing themselves over the Internet tend to start asking questions once they get to a critical level," said Mr. Laughlin of Alliance.

"It's one thing to play with \$10,000 to \$20,000 and \$50,000, but when they now have \$250,000 or \$500,000, they start to think twice."

Not only do these individuals need a plan, but he suggested that they also need the hand-holding that keeps them from jumping off the deep end during market turmoil, and selling funds that may be down only temporarily.

"It happened in 1987, and again in

the early 90s, and there is evidence that it happened just this last month," said Mr. Laughlin, referring to the recent stock market turmoil. "It shows that individuals who had an adviser and paid for that advice in some way, either front, back or fee-only, tended not to overreact to the same degree that do-it-yourselfers did."

"Clients called just to hear my reassuring voice, and I made it very reassuring," Mr. Altstet said. "They were the same clients who were saying, 'Why don't we get more aggressive?' in February and March."

But Mr. Stevens disputed the idea that do-it-yourselfers sold out in the turmoil, at least not those at Vanguard.

"We didn't see an exodus at all," he said. "I think the non-advice clients did what education had been telling them to do for four to five years — that when this happens, don't panic. In fact, our client base was buying."

Still, advisers and marketers of load funds that levy sales charges see the growing need for financial planning and investment advice that comes with their service as muting unfair treatment by the personal-finance press, which has often said that only the foolhardy would pay a commission to buy a fund. If that were the only issue, they contend, all the investors would have gone to the likes of Vanguard long ago, and load funds and their purveyors would be out of business.

The more likely scenario now is that there is room for both.

"The wild card is the segments of people who want different and varying levels of advice, from none to some level of the right answer, and no one is here to serve every person," Mr. Stevens said.

So, with more advisers, brokerages and even no-load groups getting on the advice bandwagon, creating more competition, can investors expect to be getting either their funds or their advice for

Continued on Page 18

What's In a Name? A Few Definitions

FRONT-LOAD OR A SHARES: The investor pays an up-front sales charge, generally from 4.75 percent to 5.75 percent when the fund is purchased, plus annual expenses of about 1 percent to 1.25 percent of assets.

BACK-LOAD OR B SHARES: The investor pays no up-front sales charge, but annual expenses run higher than those for A shares, generally 1.75 percent to 2 percent of assets.

Investors who sell their B shares in the first five to six years must pay a "back-end load," typically starting at 5 percent in the first year.

The back-end charge decreases each year until it disappears, and the shares convert to A shares with lower annual expenses.

LEVEL-LOAD OR C SHARES: The investor pays no front- or back-end sales charge, but is assessed an annual fee, typically 1 percent of assets, plus annual expenses of 1.75 percent to 2 percent of assets.

Some funds that offer C shares also charge a "surrender" fee if the shares are sold in the first year.

NO-LOAD SHARES: The investor pays no front- or back-end sales charge, but is assessed an annual expense fee, around 1.20 percent of assets on average.

FREE-ONLY FINANCIAL ADVISERS: Fee-only advisers offer investment advice, using no-load funds, and financial planning. They receive no payment from fund managers but derive their income exclusively from an annual fee of anywhere from 1 percent to 2 percent of a client's assets under management.

Amid Global Tumult, Milton Friedman Remains the Ultimate Free-Marketeer

By Richard W. Stevenson



For Mr. Friedman, most countries' problems result from bad policy at home and bad advice from the IMF.

THIS DOES NOT seem to be free enterprise's finest hour. Asian economies that were once vibrant have collapsed, sending millions of people who had pulled themselves up toward the middle class back into a struggle for survival.

Russia's movement toward democratic capitalism is in shambles. Even the world's biggest and strongest economies are at risk from the global crisis.

So it seemed fair to ask Milton Friedman, the iconic advocate of free markets, if the free-enterprise system had not proved inadequate in this era of interconnected financial systems and contagion by microchip.

His reply was that the problems in most countries were a result of bad policy at home and bad advice from the International Monetary Fund, not any failure of the markets.

Indeed, Mr. Friedman, whose libertarianism left him on the fringes of the mainstream starting in the New Deal and for decades after, was not conceding anything in the growing debate over whether the turmoil has exposed the limits of markets as a force for prosperity,

democracy and stability.

Now 86, and as willing as ever to argue his cause in an interview, he was typically provocative about the interplay between ideology and the real world.

The fallout from the global crisis, he said, would inevitably create some setbacks in what he sees as a slow but inexorable movement toward less government involvement in the economy and greater individual freedom.

Economists are again debating the merits of controls on capital, and some countries, including the United States, are hinting that they might raise trade barriers to protect domestic industries from the ravages of a tumultuous global economy.

"There's always a tendency when things go wrong to blame the private market," said Mr. Friedman, who received the Nobel prize in economics in 1976.

"Given that you've had these difficulties, there's no doubt there will be backsliding," he said in his office at Stanford University's Hoover Institution.

The talk of global crisis, however, is largely overblown, he said, noting that the United States and Western Europe remain in sound economic health.

But in a broader sense, Mr. Friedman said, we are at a historical turning point, when a gradual acceptance of free-market principles on a philosophical level is beginning to translate into a fundamental movement toward market-oriented

'There's always a tendency when things go wrong to blame the private market.'

policies, institutions and politics. The implications for policy could be profound, he said, ranging from lower taxes to exposing public schools to greater competition.

"It's my impression that you have long cycles of public opinion on the one hand and public behavior on the other," Mr. Friedman said. He cited the long delay between Adam Smith's "The Wealth of Nations," published in 1776, and Britain's move to repeal the Corn Laws and go on to free trade.

And, he said, although the Fabian Society was formed in the 1880s, "it was not until just before World War I that Britain started down the road to the welfare state."

"The case for free markets and market economies, right after World War II, was held by only a very small minority, who were looked upon as reactionaries of the worst kind," Mr. Friedman said. "In the period since then, the case for free markets has been won rhetorically."

"Everybody now believes in competition, believes in freedom, believes that governments should have a relatively minor role and that markets should be relatively free," he added. "That's the rhetoric, and it's reached a peak since the fall of the Berlin Wall. On the other hand, if you look at the practice, in the United States and also most other Western countries, government is more powerful, more extensive, more intrusive now than it was 50 years ago. In that sense, we have moved backward and been following the prior socialist trend of opinion."

"I think we are sort of at the peak of the collectivist way," he continued. "Over the next 20, 30 or 40 years, the rhetoric, combined with

the remarkable effects the Internet is going to have on our lives, will produce a decline in the role of government and a widening of human freedom."

Why the Internet? "Because it makes it harder to collect taxes," Mr. Friedman said, referring to the difficulty of defining where a transaction takes place when it occurs in cyberspace.

"Governments can get funds fundamentally only from resources that find it difficult to move elsewhere," he said. "The greater the freedom of movement of capital and people, the harder it is for governments. That's the kind of external force that is adding to what's coming from the intellectual tide of opinion."

The question now, though, is whether the crisis set off last year in Asia will turn the tide again. As Mr. Friedman suggests, history can be slow to render its judgment.

New York Times Service

To Our Readers

James K. Glassman is traveling. His column, "On Investing," which normally appears in The Money Report, will appear in Monday's Business-Finance section.

U.S. Fund Groups Export American-Style Investing

"If you see value, you will want to continue paying on a fee or a commission basis," he said. "If you don't see value, there will be more exits to no-load funds."

By contrast, the Edward Jones brokerage group is targeting its core investing principles directly at individual investors in Britain. Jones has opened 30 offices in the past year, and Tom Miltenberger said his firm had found that investors in Britain were

"The pricing of funds we use is the same, and we're going to do the best we can to help our customers," Mr. Miltenberger said. "But a 1 percent-a-year asset fee, or a C share, or a wrap account—I'm not so good at math, but 20 years at 1 percent isn't as much as 3.50 percent one time when you walk in the door."

JUDITH REHAK

Some executives routinely exclude reporters from conference calls that they convene with analysts and money managers who follow their companies. In some recent cases, stock prices moved more than 25 percent after companies

He went beyond those earlier remarks in the interview by explicitly urging companies to include reporters in their analyst

In September, Tellabs Inc., a telephone-equipment maker, told money managers and analysts in a conference call that its third-quarter profit and sales would not meet estimates. Its shares fell as much as 27 percent after the call began and before the information was widely disseminated. Tellabs' chief executive, Michael

A National Investor Relations Institute study earlier this year found that fewer than 20 percent of companies inform analysts before telling the public that earnings will fall short of expectations. That is down from about 33 percent in 1995, according to the institute found, a trade group of corporate investor-relations officers.

November 20, 1998

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Sharing Good Fortune

In U.S., Wealthy Give 8% to Charity

The survey has a margin of error of plus or minus 6 percent.

Riches Prove Elusive For Treasure-Hunt Firm

Odyssey has not found the ship but in September it came across

Using what is known as a Remotely Operated Vehicle, or ROV, which carries a camera to transmit a

Odyssey. "In addition to the amphorae," he added, "jewelry, glass and other valuable objects may or may not be found on the wreck."

involved in the jewelry and glass trade, we could very well find artifacts of this nature on the site."

Some Odyssey investors who bought restricted shares under the U.S. Securities and Exchange Com-

stock to recoup their initial investment in the event the stock price increases," Mr. Morris said. (IHT)

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[illegible]**MASTER GEOGRAPHIC**

JAEGE-LECOULTRE

WORLD ROUNDUP



IN SYNC—Divers at the German Synchronized Diving Championships in Dresden.

Turks Vow Security

SOCCER Turkey's minister for sport pledged Friday that there would be tight security for the Champions' League match next week between Galatasaray and Juventus, as tension with Italy rose over the Kurdish rebel chief Abdullah Ocalan. European soccer's governing body, UEFA, said it was monitoring the situation.

"We are taking all the precautions," said Yucel Seckiner, state minister for sports. "Turkey is not the Wild West. It is a state of law."

The Turin-based Juventus, said it had asked for charter flights taking fans to the match to be canceled and had withdrawn Italian tickets for the game. (Reuters)

Aussie Children Can Box

BOXING Australian sports ministers rejected on Friday a plan to ban children under 14 from competitive boxing, arguing that such a ban would be impossible to enforce and was unnecessary. (Reuters)

No. 500 for Keenan

HOCKEY Mike Keenan got his 500th NHL coaching victory when Vancouver beat Colorado, 5-0, on Thursday night. Keenan tied Toe Blake for fifth place on the career list. Only Scotty Bowman (1,062), Al Arbour (781), Dick Irvin (693) and Billy Reay (542) have more victories. (AP)

Faldo Fails New Zealand's Winds

A 2-Under-Par 2d Round Gives England the Lead in Golf's World Cup

Compiled by Our Staff From Dispatches

AUCKLAND, New Zealand—Nick Faldo used all his experience and guile to beat a howling gale at New Zealand's Gulf Harbour course Friday and take England into the lead in the World Cup of Golf second round.

Faldo shot a 2-under-par 70, with two birdies and no bogeys, in Friday's round on the oceanfront course to take the individual lead at 6-under-par and, with the help of his teammate David Carter, pulled England into first place in the 32-nation event.

Carter's round of four birdies and three bogeys for a 71 was in stark contrast to Faldo's, but typical of the day. Carter is even-par after two rounds. England's 6-under-par aggregate gave it a two-shot lead.

Scores ballooned in winds of more than 40 miles (65 kilometers) an hour on an undulating course with slick, sloping greens. The overnight leader, Japan, blew 11 shots as it fell into eighth place, tied with the United States, at 1-over-par.

The U.S. team of John Daly and Scott Verplank plunged from the lead at 10-under after 10 holes to 1-over after 18, seven strokes behind England. Daly had a quadruple-bogey 8 at the 14th after getting buried in thick, wiry grass.

Australia and South Africa, which had held second place overnight, are the two teams behind England. Colin Montgomerie, who tied with Gwang Soo Choi of South Korea at 69 for the day's best score, took Scotland up to fourth place, one stroke back, and kept the six-time European No. 1 in the hunt for back-to-back individual titles.

Canada was in fifth place at 2-under-par, but was one of a bevy of teams that slipped during the day.

Ireland, the defender, shook the myth that Irishmen brought up on links courses come into their own when it blows. They slipped to 1-under-par to share sixth place with Argentina.

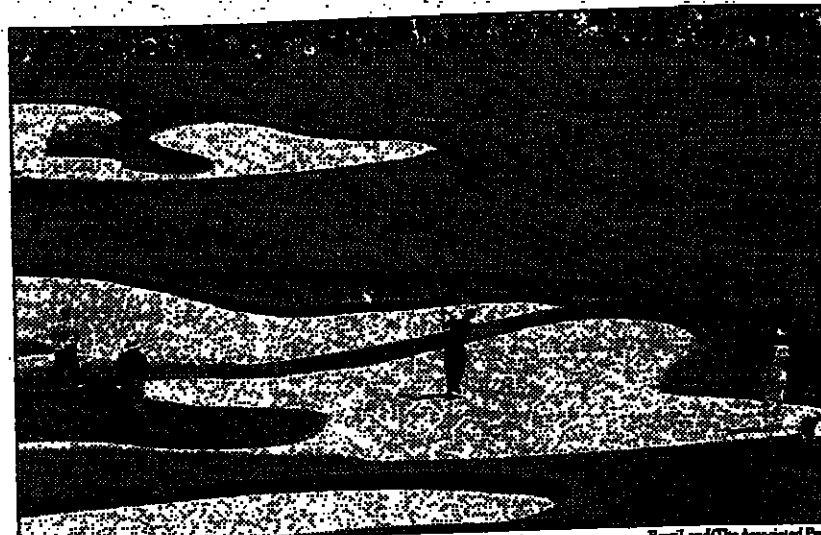
Japan's Yasuharu Imano lost his individual lead to Faldo after taking 40 strokes on the back nine on the course

designed by Robert Trent Jones Jr. At 6-under-par, Faldo topped the individual leader board by one stroke over Imano, Costantino Rocca of Italy and Ian Leggatt of Canada.

It was Faldo's ability not only to work out how to best play the Gulf Harbour course in the wind but also to advise Carter, his 26-year-old partner, that pushed England to the front. Birdies on the two opening par-5's and then a run of pars eased his team in front as Carter canceled out three 3-putts with three stunning birdies in the last seven holes.

"In winds like that you have to scramble well," said Faldo, 41, who is making his first appearance in the competition since 1991. "You both have to keep it going, look for the right spot and give yourself half a chance at getting something out of the hole, certainly give yourself full chance of making par."

"I was well aware that having no bogeys on my card would be mighty important. It proved to me again that my game is getting back in shape because



Andrew Coltart of Scotland playing out of a bunker Friday for Auckland.

Westwood Leads in Japan

Faldo and Carter arrived Sunday — earlier than most of their rivals — and Faldo said that had made a difference. "You've got to hit it in the right area — that's what it's all about," he said. "The slopes don't move overnight, we know where they are all are." (Reuters, AP)

Westwood Leads in Japan

Lee Westwood of England led by two strokes with a 7-under-par 135 after two rounds of the Dunlop Phoenix event in Miyazaki, Japan. He tied for Friday's best round with Darren Clarke of Northern Ireland with a 4-under-par 67. (AP)

A Strong Ashes Start for Australia

BRISBANE, Australia—England's cricketers dropped three catches and missed a vital run out as Australia fought back to finish the opening day of the first Ashes cricket test on Friday in a strong position.

Australia was struggling midway

through the day when it slumped to 106 for four, but managed to scramble back to 246 for five by stumps.

Steve Waugh led Australia's fight-back to finish the day unbeaten on 69, with Ian Healy on 46, after both batsmen were given let-offs. Healy was dropped by Angus Fraser on 37, while Waugh survived a run out chance on 29 and a catch on 68 in the final over of the day.

Waugh looked to have been dismissed when he was caught short of his ground while trying a second run at the non-striker's end. But he was given the benefit of the doubt by the third umpire because of confusion over whether or not the ball had hit the stumps.

Alec Stewart's throw from the batsman's end was on target but replays seemed to indicate, although not conclusively, that the English bowler Alan Mullally had already dislodged the balls in a clumsy attempt to intercept the ball.

"I thought it was going to bounce over the stumps," Mullally said. "I just tried to knock it on to the stumps."

Waugh made the most of his reprieve as he set about rebuilding Australia's first innings. He brought up his 50 off just 80 deliveries and continued scoring freely in the final session to finish the day within sight of a 16th test hundred.

But he should have been dismissed for a second time when he edged a catch straight to Nasser Hussain at second slip only to see the ball put down. Hussain



England's Darren Gough celebrating trapping Justin Langer.

also dropped Michael Slater in the first session.

Aamir Sohail returned to top form with a strokeful 91 as Pakistan cruised to a four-wicket victory over Zimbabwe in the first one-day international of the three-match series Friday in Gujranwala, Pakistan. (AP)

A Flashback for Steffi Graf

NEW YORK—On the fifth match point of her epic quarterfinal battle with her old foe, Monica Seles, Steffi Graf blew out her serving fingers, not to cool them but to ensure a death grip on her racket. She was preparing a serve that finally backed Seles into a corner where she lost her last bit of leverage.

Granted the chance to end the suspense with her signature shot, one of those forehead missiles, Graf plastered it past Seles and immediately raised both arms in the air to celebrate a 1-6, 6-4, 6-4 comeback at Madison Square Garden on Thursday night.

"I'm just so glad to come back and win this match after she came out and played so well in the first set, it was just amazing for me to come back and win," Graf said. Graf is 9-4 against Seles in a rivalry that's 10 years old and seems, if this match was any touchstone, evergreen.

Then again, comebacks are becoming Graf's forte. She has won two straight tournaments coming into this event after recovering in a hurry from September wrist surgery. Given a chance to opt for an early vacation or pound her body back into playing shape in time to make a madcap dash into contention for the Chase Championships, an invitation-only round-robin event for the world's top 16 players, Graf gambled and made the dash. This victory extended her unbeaten streak to 12 matches and sent her to the Saturday semifinals, when she will play the winner of Friday night's match between Lindsay Davenport and Nathalie Tauziat of France.

Heading into the test against Seles, whose health was in doubt because of a stomach bug, Graf had defeated the top three players in the world: Davenport, Martina Hingis, and this event's defender, Jana Novotna, in the first round. No other player had ever defeated the top three in a four-game span.



Steffi Graf during her three-set triumph over Monica Seles.

SCOREBOARD

ICE HOCKEY

NHL Standings

EASTERN CONFERENCE				
ATLANTIC DIVISION				
W	L	T	Pts	GF/GA
New Jersey	10	6	20	36/37
Pittsburgh	8	6	18	45/37
Philadelphia	7	6	14	45/37
N.Y. Islanders	8	10	16	45/48
N.Y. Rangers	5	9	15	44/49
NORTHEAST DIVISION				
Toronto	9	7	20	57/54
Buffalo	7	7	14	48/26
Boston	6	7	17	45/37
Montreal	7	9	16	45/42
Ottawa	6	6	13	43/41
SOUTHEAST DIVISION				
Carolina	6	6	14	39/46
Florida	4	6	14	38/46
Washington	6	7	15	37/41
Tampa Bay	6	10	12	41/66
WESTERN CONFERENCE				
CENTRAL DIVISION				
Detroit	9	6	18	52/44
St. Louis	7	5	14	48/38
Nashville	7	9	15	42/49
Chicago	5	10	13	38/43
NORTHWEST DIVISION				
Edmonton	9	7	19	55/45
Vancouver	9	7	19	52/45
Calgary	7	9	16	50/52
Colorado	7	7	16	48/54
PACIFIC DIVISION				
Phoenix	9	2	20	38/19
Dallas	9	3	20	37/27
Anaheim	6	7	15	40/38
Los Angeles	5	12	13	44/49
San Jose	4	7	14	38/39
THURSDAY RESULTS				
Florida	4	1	0	5
San Jose	1	2	1	0
1st Period: B-Kirchhoff 8 (Van Impe, La- goyne 34, Peres 3, Bouchard 2, 1st, 3, 3, 3, Carter 1 (Thurman, Van Impe) 4, B-Carter 2 (Van Impe, Thurman) (pp), 5, F-Rocha 3 (Givens) 6, F-Gagner 2 (Korotkiy) (pp), 34 Period: B-Ledez 2 (Dufour, Taylor) 6, F- Mellorby 2 (Lauri 1, F-Parrish 9 (Lauri, Ka- ron) 10, F-Servino 2 (Whitney, McElmury) Overtime: 0, Shots on goal: S-L 16-13-2-45, B-11-10-2-29, Goals: F-Buch 1, B-Du- Calery 1, 1-2, 9-3				
Montreal	1	2	0	2
1st Period: M-Melchior 4 (Brunet, Stevenson) 2, C-Winter 2 (Smith, Burn) Second Period: C-Winter 1 (Dukelsky, Morris) 4, M-Brunet 3 (Ulenov, Wainwright) (pp), 5, C- Cassels 4 (Gure, Fleury) (pp), Third Period: M-Hoglund 1 (Stevenson, Hovind) 7, M- Hovind 1 (Hoglund, Stevenson) Shots on goal: C-8-3-1-19, M-5-11-17-34, Goals: C-Giguere, M-Hodgett.				

FOOTBALL

U.S. COLLEGE SCORES

THE AP TOP 25	
No. 22 Miami (7-3) def. Pittsburgh 38-10	
BASKETBALL	
EUROLEAGUE	
EIGHT ROTATION	
GROUP A	
Kaunas, Lithuania, 77, Sarajevo, Russia, 62	
Fenerbahce, Turkey, 78, Partizan, Bel., 71	
Stavros, Spain, 75, Varese, Italy, 72	
STANDINGS: Zalgiris Kaunas 14 points	
Fenerbahce 13, Partizan 12, Varese 12	
Varese 11, Sarajevo 10	
GROUP B	
Maccabi Tel Aviv 81, Mouskron, Spain, 55	
Red Star Belgrade, 71, Elbas Pisen Turk, 62	
STANDINGS: Zalgiris Kaunas 14 points	
Fenerbahce 13, Partizan 12, Varese 12	
Varese 11, Sarajevo 10	
GROUP C	
Stavros, Spain, 75, Varese, Italy, 72	
STANDINGS: Zalgiris Kaunas 14 points	
Fenerbahce 13, Partizan 12, Varese 12	
Varese 11, Sarajevo 10	
GROUP D	
Stavros, Spain, 75, Varese, Italy, 72	
STANDINGS: Zalgiris Kaunas 14 points	
Fenerbahce 13, Partizan 12, Varese 12	
Varese 11, Sarajevo 10	
U.S. COLLEGE SCORES	
THE AP TOP 25	
No. 2 Connecticut (2-0) def. Richmond 57-7	
No. 4 Kentucky (2-0) def. Mercer 62-0	
No. 11 UCLA (1-0) def. Santa Clara 87-76	
No. 13 Oklahoma (2-0) def. Marquette 57-54	
No. 17 Cincinnati (1-0) def. No. 25 Rhode Island 70-53	
No. 18 Tennessee (2-0) lost to Miami 68-62	
No. 22 Syracuse (2-0) def. Colgate 72-56	
No. 24 Clemson (2-0) def. W. Carolina 72-56	
LEADING COLLEGE RESULTS	
Connecticut 77, Richmond 57	
Lehigh 75, Yale 64	
Alabama 70, Tennessee Tech 53	
Auburn 77, Cornell 62	
Austin Peay 72, Chattanooga 69	

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SPORTS

Packers Seek Revenge And They'll Find It Against the Vikings

By Thomas George
New York Times Service

Packers (7-3) at Vikings (9-1) Minnesota won the first meeting, 37-24, back in October in a Monday-night game where Green Bay was flattened on the ground by Robert Smith and punished in the air by Randall Cunningham's 442-yard passing game. This time look for the Packer receiver

NFL MATCHUPS

Antonio Freeman and the Viking receiver Chris Carter to steal the show. Both will duel in another high-scoring affair where the defenses will be reeling. Look for Green Bay to gain revenge. **Prediction: Packers 34-28.**

Cardinals (5-5) at Redskins (2-8) Arizona toppled Washington, 29-27, earlier this month with Joe Nedney converting a 47-yard field goal with 2 seconds remaining. That victory helped keep the Cardinals alive in the playoff chase. Much rides on Cardinals' quarterback Jake Plummer. In two starts against Washington he has passed for 523 yards, five touchdowns and two interceptions. He will keep it going. **Cardinals 24-21.**

Bears (3-7) at Falcons (9-2) The Bears and the Falcons have not met since 1993. What a welcome sight they will be for the Falcons. After gaining tremendous confidence by beating the 49ers last week, Atlanta is ready to roll. **Falcons 30-10.**

Lions (3-7) vs. Buccaneers (4-6) The season has sunk for the Buccaneers, who had such high hopes and grand plans but have seen inconsistency on offense result in a crash. It is not over for the Bucs, but it is getting close. They will make one last run for the playoffs by winning this one with defense and by showing a bit of offensive spark led by back Warrick Dunn. **Buccaneers 21-13.**

Cowboys (10-1) at Bills (8-4) Peyton Manning has thrown a touchdown pass in seven straight games. He has passed for 2,289 yards. He has taken every Colts snap (542 plays). And he was sharp in the end in beating the Jets last Sunday. But Buffalo counters with quarterback Doug Flutie. He looks at home. He is at home. Great news for the Bills. **Bills 28-17.**

Jaguars (6-2) at Steelers (8-4) Here go the Jaguars and the Steelers again in another close game with big hits and big plays and momentum-swinging moments. That's what happens when these teams meet. **Steelers 17-16.**

Seahawks (5-5) at Cowboys (7-3) Seattle is more talented than Dallas. Seattle is more talented than several teams. Why the 300 record? Poor play. Poor leadership. Poor production. But look for the Seahawk back Ricky Watters to break loose. **Seahawks 26-20.**

Engines (2-8) at Giants (9-7) Can either of these teams get the football into the end zone? It could be brutal to watch. The Giants are more physical and are at home, so that helps their cause. **Giants 27-6.**

Chiefs (4-6) at Chargers (4-6) The bottom has fallen out for Kansas City, and it is not pretty. Linebacker Derrick Thomas will not play after being suspended for personal foul penalties against Denver. The Chiefs try to regain respect. **Chiefs 19-13.**

Panthers (11-0) at Rams (5-7) Must we watch? Can we bear it? The Panthers and the Rams might just punt all day long. Or maybe they will humiliate it all afternoon. Or maybe they will drop it or kick it or just lose it. Who knows. Does anyone care? Sure, their fans do. **Rams 24-9.**

Ravens (5-7) at Bengals (2-8) What a horrible year for both clubs. Both were expected to be in their divisional chase. Both have become mired in bad play. The Bengals win because they are playing this game at home. They will win it with Paul Justin at quarterback, and he will provide an instant lift. **Bengals 23-17.**

Jets (6-4) at Oilers (6-4) Tennessee has won five of its last six, and in that stretch quarterback Steve McNair has passed for 1,195 yards with six touchdowns and three interceptions. Houston is a hot team. McNair is a hot quarterback. The Jets are sorrowful after losing to Indianapolis. **Oilers 21-20.**

Raiders (7-3) at Broncos (10-0) Boy, the Raiders would love to upset Denver. They would love to see Denver squirm. They would be thrilled to put an end to this thought about Denver achieving a perfect 16-0 regular season. Forget it. **Broncos 36-10.**

Saints (5-5) at 49ers (7-3) The 49ers are suffering an identity crisis after dropping two big games in recent weeks, Green Bay first and then Atlanta next. Well, here comes a welcome face — the Saints. They will soothe the 49ers' egos. **49ers 30-14.**

Dolphins (7-3) at Patriots (5-5) The clock is ticking. Soon the Patriots will move to Hartford, Connecticut. But there is plenty of business to take care of first, including this divisional battle. **Patriots 27-24.**

It's a Deal: Patriots Are Headed for Hartford

By Mike Allen
New York Times Service

HARTFORD, Connecticut — The deal had been under way behind the scenes for months but arrived with almost no public prelude, adding to a sense of unreality among Hartford officials, who have sought and lost so many smaller projects.

But on Thursday, a team owner spurred at home and an eager governor next door shook hands, promising the National Football League's New England Patriots a new home in downtown Hartford and infusing Connecticut's blighted capital with big-league cachet.

Governor John Rowland agreed to build a \$350 million stadium for the Patriots' owner, Robert Kraft, who said he felt the Massachusetts Legislature had been too stingy with him.

About 200 of Hartford's business and government leaders packed into the stained-glass splendor of a ceremonial

hall at Connecticut's state capitol building, applauding their coup with a sustained rhythm that sounded like rowdy fans when their team is first-and-goal.

"I can't tell you what it means to me to get that kind of warm reception from a community," Kraft said, in a pointed reference to political battles in Boston as he tried and failed to win a huge state subsidy for a new stadium near the Patriots' current home in Foxboro, Massachusetts. That stadium, built 27 years ago, is considered to be inaccessible and unattractive and lacks many of the amenities of a modern park.

Kraft joked that he drove from Boston to Hartford on Thursday in the same time it took him to get out of the parking lot at Foxboro Stadium.

The deal — which would be financed by bonds and paid off through stadium revenues — must be approved by the Connecticut Legislature.

But leaders of both houses took the podium to promise quick passage. As

part of the 30-page agreement, Kraft agreed not to negotiate with any other state between now and Dec. 31. Kraft was required to deposit \$2 million in escrow, which he would forfeit if he began negotiations with another state.

Governor Rowland, who has failed to close several other major deals he has championed, said he insisted on the escrow payment and exclusive negotiating window in an effort to avoid being used as leverage in Kraft's negotiations with Massachusetts lawmakers.

The acting governor of Massachusetts, Paul Cellucci, said he spoke with Kraft on Wednesday night and did not see any way to prevent the move.

The 68,000-seat stadium will be part of a \$1 billion development on the Connecticut River that is to include a convention center, a hotel and sports stores. The site is now home to parking lots, blocky buildings, a steam plant and a dike that blocks the city's view of the river.

The team, which has played in the

Boston area since 1960, is due to move to Hartford in the fall of 2001, and Kraft has committed to staying for 30 years.

Despite the euphoria that greeted the news here, some experts were skeptical about the wisdom of abandoning Boston for the nation's 27th-largest television market, 28th-largest state and 37th-largest metropolitan area.

Mark Rosentraub, a professor of public affairs at Indiana University who specializes in sports economics, said the plan posed "a grave risk" for Connecticut.

He said many Connecticut residents were fans of the New York Giants, and said he questioned how many current Patriots fans would drive down from the Boston area year after year — especially if some are bitter about the team's departure, or if the team or the economy slumps. "Connecticut is too small, and already has split loyalties," he said. "It all rests on the Boston market accepting the move."

The Baseball Season Reaches the Right Conclusion

Washington Post Service

WASHINGTON — When Sammy Sosa and Mark McGwire were deadlocked with 66 homers, McGwire said it would be "the perfect ending" if they ended up in a tie.

Actually, all things considered, the perfect ending was for McGwire to hit four home runs in the last two games of the season for a total of 70, then for Sosa to be picked Thursday as the National League's Most Valuable Player.

That's the sort of tie that is truly fitting. McGwire, for all his amazing feats over the years, gets the great record that he has earned and deserved. But Sosa gets the high honor, and the place in history, that the MVP confers.

As perhaps the ideal final touch, Sosa responded to his landslide victory — with 30 of 32 first-place votes — with characteristic modesty.

"I would have voted for Mark. In my heart, Mark McGwire is still The Man for me," said Sosa, who may have become the contemporary symbol for the athlete who does not do an end-zone dance or a throat-slash to call attention to himself. Instead, in a gesture even McGwire began to copy affectionately, Sosa blew kisses to his mother.

"It's hard to hit 70 home runs and not win the MVP. I was never so sure to myself that I had it until today," said the Dominican-born Sosa, who joined the American League's MVP, Juan Gonzalez of Puerto Rico, in giving Latin America its first MVP sweep. Just as a fabulous generation of African-American players reinvigorated baseball in

the '50s, so a huge wave of fabulous Latin players, led by Sosa and Gonzalez, has led the game's latest renaissance.

The game has added enormously to its popularity in the past few months, thanks to Sosa and McGwire, but millions of nonfans will still be confused about how McGwire could obliterate perhaps the most glamorous record in all of American sports, conduct himself like a true hero, play for a winning team and yet still get smoked by a huge margin for MVP. One writer, presumably a foreign correspondent for the *Martian Chronicles*, put McGwire seventh on his ballot.

Baseball prides itself on being a game that almost perfectly blends the selfish ambitions of the individual with the sacrifices needed for the team. In only a relatively few instances — the need to take a fat 3-0 pitch or hit behind the runner — do the two goals conflict. Nonetheless, the game likes to reserve its highest award for a player whose statistics are married to victories.

Perhaps McGwire's manager in St. Louis, Tony La Russa, explained the point of view of the baseball purist best in the final week of the season when he said he was "so biased it's ridiculous," but that he thought Sosa deserved the Most Valuable Player award. "I don't think he's done more for his team than Mark has, but his team has done more than ours has, so his contribution counts for a little more in my book. Just barely, but that's who I would give it to."

Vantage Point/THOMAS BOSWELL

McGwire now eclipses Ted Williams as the most conspicuously snubbed star in the MVP voting. At least when Williams hit .406 in 1941, he was bested by Joe DiMaggio's 56-game hitting streak for the pennant-winning Yankees.

By contrast, Sosa had no clear claim over McGwire in statistics. Sosa had the edge in runs batted in (158-147), average (.308-.299) and led the majors in runs (132) and total bases (414). But Mac's 162 walks set an NL record; his blend of slugging average (.752) and on-

base percentage (.470) borders on the supernatural.

But that MVP trophy says, for all time, that the Cubs' right fielder was not just a sidekick or a subplot. After all, Sosa was tied with McGwire at 46, 47, 48, 55, 62, 63, 65 and 66 homers.

True, he pulled ahead only twice — and both times for less than an hour — but we should not forget how amazingly close this race was for the last seven weeks of the season.

To the most exhilarating, two-man, six-month, edge-of-the-impossible extravaganza we'll probably ever live to see, it was indeed the perfect ending.

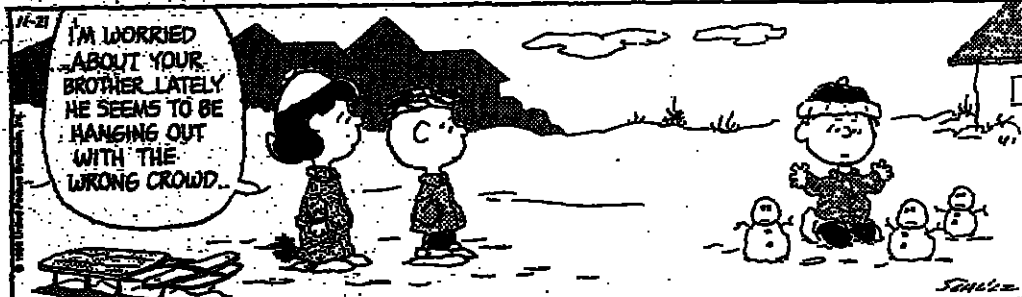


A smiling Sammy Sosa after being named the National League's MVP.

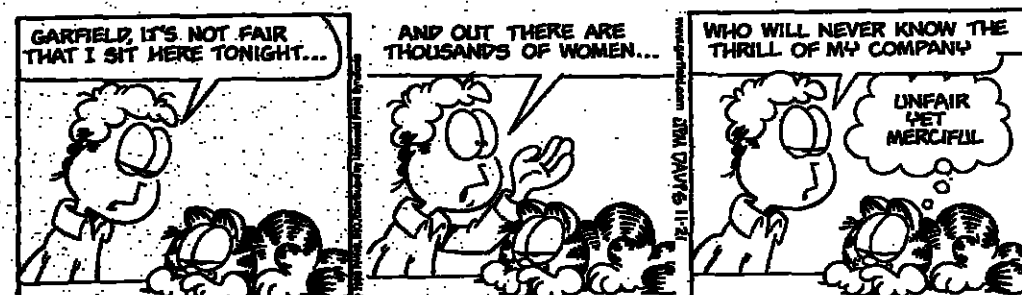
DENNIS THE MENACE



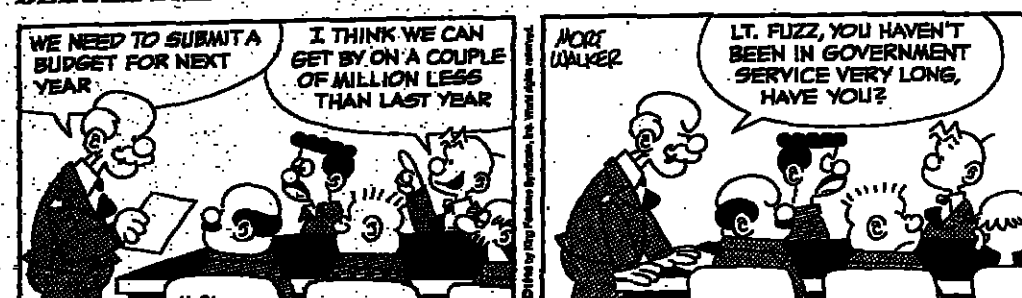
PEANUTS



GARFIELD



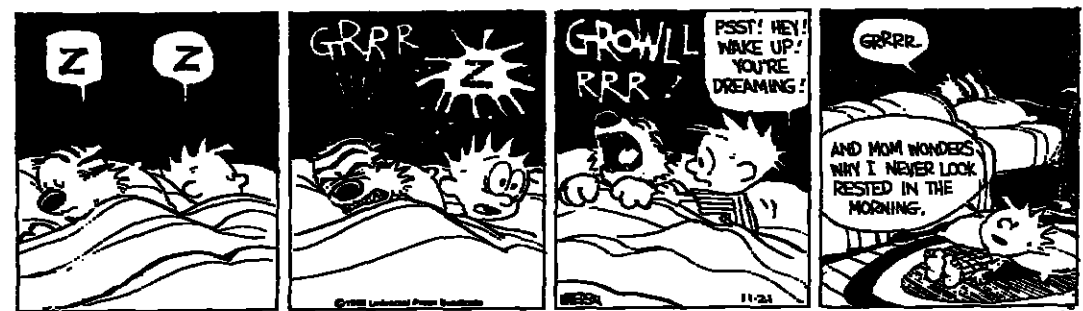
BEETLE BAILEY



BLONDIE



CALVIN AND HOBBS



WIZARD of ID



NON SEQUITUR



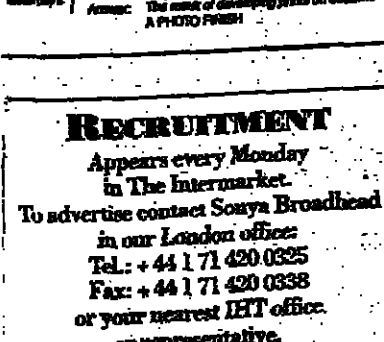
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DAVE BARRY

The Relativity of Time

Miami — There are two kinds of people in the world, and I am one of them. I'm the kind of person who likes to be on time for things. In fact, I like to be early. Let's say I need to catch a flight that's leaving at 4 P.M. In planning my drive to the airport, I'll factor in a "cushion" to allow for the unexpected, such as heavy traffic, or a flat tire, or being kidnapped. Usually I'm at the gate, ticket out, ready to go, no later than 7:14 A.M.

My wife is the other kind of person. For her, the ideal way to catch a plane would be to arrive at the airport and as the plane was taking off. She'd stand at the end of the runway, and as the plane flew over her, it would snatch her up with a big hook. Even then, she'd wait until the last second.

"What's the hurry?" she'd say. "The plane isn't even halfway down the runway yet!"

Part of this is a cultural difference. I grew up in a WASP household, and my wife grew up in a Cuban household. WASPs tend to follow schedules strictly; Cubans tend to be more relaxed. If a WASP wedding is scheduled to start at 2 P.M. Saturday, the wedding march will start at 2 P.M. sharp.

Whereas in a typical Cuban wedding, the phrase "2 P.M." is translated as "possibly this weekend." (True fact: I once went to a wedding at a Cuban home; I arrived 20 minutes before the scheduled start, and was greeted at the door by the bride, who was still in curlers.) I believe that the Cuban community will not be affected by the Millennium Bug until the year 2004 at the earliest.

But the difference between my wife and me is not totally cultural; I think it's also gender-related. I believe that men and women do not view time the same way. I think that, in general, women think there is WAY more time in the universe than men do. This is not just some half-baked notion of mine: This is a scientific, statistically valid conclusion that I reached by talking to some guys about their wives. In every case, the guys had experienced friction with their wives over the issue of time.

The way this typically works is, a couple will be going to a party, and they'll agree they're going to leave the house at 7:30 P.M. The wife, believing that the universe has plenty of time left, interprets 7:30 to mean "around 8," or, more specifically, "9." Whereas the husband, acutely sensitive to the dwindling supply of time, interprets 7:30 to mean "around 7," which, after he allows for an emergency cushion, translates to 6:45.

The husband likes to allow a cushion on top of the cushion, in case there's a tornado or nuclear war, so he's dressed and ready to leave at 5:30, at which time the wife is figuring that she still has more than three hours — or, rounding it off, four hours.

By 7:25, the husband is a nervous wreck. By his figuring, they are now almost two hours late for the party (the husband never wanted to go to the party in the first place but that is no longer relevant). The husband doesn't dare say anything directly to his wife, however, because this has resulted in friction on several prior occasions (2,381 prior occasions, to be exact). So he tries to alert her of the urgency of the situation via the Universal Husband Signaling Method, which is jingling his keys. This makes his wife crazy. She's thinking, "Why is he JINGLING already? We have TONS of time!" So, in a mistaken effort to calm him down, she calls out the words that cause despair in the hearts of men:

"I'm almost ready! I'm just putting on my makeup!"

To the husband, these two statements contradict each other. It's like saying: "I'm very short! I'm 38 feet tall!" Or: "You can believe me! I'm Bill Clinton!" Because to the husband, "I'm just putting on my makeup" means "I'm painstakingly applying 450 coats of beauty products to my face using an applicator the width of a human hair." Granted, the wife can do this in seven minutes, but it seems way longer to the husband because of Albert Einstein's Theory of Cosmetic Relativity, which states that "every minute that a wife spends putting on makeup is experienced as 45 minutes by a husband who has reached the key-jingling stage."

By the time they actually leave the house (at 7:40) there is so much friction that the car may burst into flames. If they make it to the party, the husband, trying to keep on schedule, will immediately want to leave.

I realize that I've made some sweeping generalizations in this column, and you may disagree with me. If so, and you'd like to "drop me a line" so I can see your side of the story, you can forget about it, because I'm running late as it is.

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But the difference between my wife and me is not totally cultural.

The husband likes to allow a cushion on top of the cushion.

Winchell: Cultural Benchmark With 'Long Legs'

By Bernard Weinraub
New York Times Service

LOS ANGELES — Few indisputable points can be made about Walter Winchell. One is that in his day, from the late 1920s to the '50s, he added extraordinary zest to the language of tabloid journalism. In his abundantly syndicated column, newly married couples were "wedded" or "lobengrined."

And all of this would assume huge importance if it happened anywhere near Broadway, which in his parlance was, of course, "the main stem." But his creation of a language that caught the gaudy syncope of Tineltown and the Great White Way doesn't come close to explaining his lingering presence as a cultural benchmark. At the pinnacle of his success, in the 1940s and early '50s, Winchell's column appeared in about 2,000 newspapers and his radio program was the top-rated program on the air, beating out "Jack Benny" and "Fibber McGee and Molly."

More than a quarter century after Winchell died, lonely and angry, denuded of power and pen, often reviled and more often only half remembered, his story has proved to have resonant staying power — what he might refer to as long legs. With steady frequency, writers and filmmakers examine his life, which, in an era drenched in celebrity journalism, has new relevance.

The latest effort is a movie on Home Box Office, starring Stanley Tucci. Also in line is Martin Scorsese, who has an option on Neal Gabler's praised book "Winchell: Gossip, Power and the Culture of Celebrity." Michael Herr's fictionalized rendering of Winchell's life remains a cult favorite. And those who remember what Winchell referred to as the "oh so long ago" can recall Burt

Lancaster's ruthless and somewhat demented version of Winchell, J.J. Hunsecker, in the 1957 film "Sweet Smell of Success."

His voice was a break-neck staccato. And his trademarks — a snap-brim fedora on his head and a cigarette dangling from his mouth — almost turned into a stylistic cliché of a certain type of big-city "Front Page" journalist.

"There are so many great themes here of power and revenge and extracting revenge and then paying the price for it," said Steven Zaillian, who has signed on to adapt Gabler's book for Scorsese. "He was monstrous but vulnerable in a way."

Winchell came from a family of Jewish immigrants from Russia and grew up in East Harlem. He first escaped immigrant poverty as a vaudeville hooper. As a youth he began submitting one-liners and news to Billboard, then a stage trade paper. That led to a job as a columnist for The Vandeville News and, in early 1924, to a column called "Your Broadway and Mine" for the sensationalist The Evening Graphic. Less than a decade later, enormously popular, he signed on with The Daily Mirror, a Hearst tabloid, for a daily Broadway column.

Through it, in a world not yet transformed by television, he amassed extraordinary power, often wielded ruthlessly, as a purveyor of gossip, innuendo and pointed opinion delivered between ellipses.

"If one surveys this culture of Monica Lewinsky and O.J. Simpson and constant gossip and salaciousness, and one tries to trace the roots, you find yourself at Walter Winchell," Gabler said. "He was not only present at the creation of this modern journalism but in many respects he was the creation."

From Table 50 at the Stork Club — he never picked up the tab — Winchell held court like a prince, beckoning prizefighters, movie stars, debutantes, royalty and gangsters to his table. He demanded to know what they were doing but talked mostly of himself.



Walter Winchell during a radio broadcast in 1955.

He mingled with the mob — he conducted interviews with Al Capone and palmed around with Frank Costello — and defiantly dominated a Broadway world that no longer exists. One of his biggest coups took place in August 1939 when Louis (Lepke) Buchalter, who was described by the FBI Director J. Edgar Hoover as "the most dangerous criminal in the United States," surrendered to him. Buchalter was electrocuted in 1944.

Winchell's reach into politics and the sporting world was also huge. Early in his career he adored the New Deal, was a firm supporter of civil rights and repeatedly de-

thing, you'd go over to shake his hand," David Brown, the producer, told Gabler, concerning Winchell's behavior at the Stork Club. "If he ignored you, you wouldn't go near him because he'd be very rude."

By the 1950s Winchell had become obsessed with communism and, through his friendship with Roy Cohn, embraced McCarthyism. He also launched a series of skill attacks against the singer Josephine Baker, who created front-page headlines by announcing that she had been snubbed at the Stork Club because she was black. The event turned into a cause célèbre, stirring rival columnists, including Ed Sullivan, who once said over the radio, "I despise Walter Winchell because he symbolizes to me evil and treacherous things in the American setup."

Although he narrated the TV series "The Untouchables," by 1959, Winchell's career was in a rapid slide. His radio show was canceled. Jack Paar, on "The Tonight Show," called him "a silly old man." In 1963, after a devastating 114-day newspaper strike, The Daily Mirror folded. Hearst's Journal-American took Winchell on, but he was despondent and felt he never really belonged to that newspaper. He hung on but in May 1967, Hearst Corp. informed him that his services were no longer needed on what was then the World Journal Tribune.

As his career hurtled through its ups and downs, his son committed suicide, his daughter Walda suffered mental imbalance, another daughter, Gloria, whom he had adopted, and adored, died of pneumonia, and his wife turned reclusive. He died of cancer in 1972 and was buried with only Walda at his graveside.

Winchell's impact on tabloid journalism — and even Establishment journalism — remains unquestioned: "He did not just invent the modern gossip column," Gabler wrote in the biography. "He became an opinion maker because he understood, as no one else then seemed to, the bitter subtext of the gossip he purveyed."

PEOPLE

THE Broadway and screen star Julie Andrews may never sing again, her husband is quoted as saying. More than a year ago Andrews had surgery to remove noncancerous throat nodules, and her voice hasn't been the same since, he said. "I don't think she'll sing again. It's an absolute tragedy," the film director Blake Edwards told Parade magazine. "She was told she'd be O.K. in six weeks, the voice would actually be better. It's over a year, and if you heard it, you'd weep."

Andrews, 63, starred in the original Broadway versions of "My Fair Lady" and "Camelot."

Jessye Norman cannot sue a magazine for libel over a remark about her size, an appeals court in London has ruled. In a flaring 1994 profile, Classic CD magazine said that when the opera star became trapped in some swinging doors on the way to a concert and was advised to turn sideways to free herself, she replied: "Honey, I ain't got no sideways." Norman contended that she never uttered the remark, which she said held her up to ridicule, mockery and contempt because it conformed to a "degrading racist stereotype of a person of African-American heritage." But Lord Justice Peter Gibson ruled that the remark could never convey the defamatory meanings she suggested.

Representative Mary Bono is "100 percent convinced" that her late husband, Sonny Bono, died in a skiing accident in January because he was taking "15, maybe 20" prescription

painkillers and tranquilizers a day around the time of his death.

"What he did showed absolute lack of judgment. That's what these pills do. They take away your thought process," she told TV Guide. An autopsy showed no drug or alcohol abuse, but Mary Bono said that when he died, Bono's "blood level was in the therapeutic range for Vicodin and Valium." She said her husband began taking pills for chronic back pain and neck problems, aggravated by neck surgery, in 1995.

Frustrated by official disapproval of its scripts, 20th Century-Fox has dropped plans to shoot "Anna and the King" on location in Thailand and will shoot instead in Malaysia. The Thai Film Board has twice turned down scripts for the proposed film, saying they were disrespectful of the 19th-century ruler King Mongkut and the monarchy of Siam, as Thailand was then known.

The French artist Pierre Pinoncelli was fined nearly 300,000 francs (\$53,000) on Friday by a court in Tarascon, France, for damaging a porcelain urn that was the work of Marcel Duchamp, a figure of the 20th-century avant-garde artistic movement. Pinoncelli was prosecuted after urinating in the urn and hitting it with a hammer at an exhibition in Nîmes in 1993. Pinoncelli, 69, said he urinated in the work of art "to restore to it its real value" and hammered it to protest "the art market going to the dogs."



REUNITED — Roseanne interviewing John Goodman for a segment of her TV talk show. Goodman portrayed her husband on the comedy series "Roseanne."



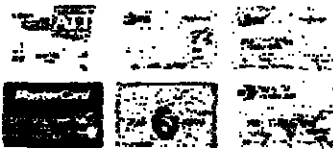
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